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MICRO-BUSINESS DEVELOPMENT IN THE CREATIVE INDUSTRIES SECTOR

KAY McKENZIE

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Micro-Business Development In The Creative Industries Sector

Kay McKenzie

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Abstract

Understanding the implications of different routes to the customer is crucial to new business success. At start-up, what is the businessperson s knowledge of these routes, how do they decide which to take and what influences their decision? How does the business develop in relation to reaching the customer?

This project examines designer/maker micro businesses in the creative industry. Through interviews and survey analyses, the quality of help in finding their customer is assessed. It concludes with recommendations for improved assistance.

Keywords:

Agent, Art school education, Business agency, Commission, Crafts Council, Creative industry, Customer, Designer/maker, DTI, Graduate, Mentor, Micro-business, Networking, Planning, Retail, Sale or return, Selling, SME, Start-up, Trade show, Wholesale

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1. Introduction

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... that they are not alive for a factory for a number of years. These industries are more to the common trading site of the British Contury Industry.

1.1 Aims of the present

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1. Introduction

In the UK good design is respected — from Terrance Conran's influence in the fifties to his successor at Habitat Tom Dixon today, dynamic entrepreneurs with an eye for design influence everyone s lives. But, for every Terrance Conran, Tom Dixon and designers like James Dyson [of vacuum cleaner fame], there are thousands of entrepreneurs who run a small successful business designing, making and selling, creative and original ideas. Most of these designers will never build businesses like Conran and Dyson, but then most of them do not have that ambition. They will after some form of art education set up and build a business that they will run if not for a lifetime for a number of years. These businesses contribute to the current healthy state of the British Design Industry.

1.1. Aims of the project

Students graduating from an art school background are more likely to become self-employed than students from any other discipline. How much knowledge of the business that they intend to run do these new entrepreneurs have at the outset of their enterprise? Over the last 20 years, much has been written and implemented to help those aiming to start their own business. Is the help that is on offer of use to the designer /maker business?

The customer is fundamental to any new enterprise - how do designer /maker businesses find their customer? There are many different routes to the customer available to the creative business. Each different route will influence the way the business will run and develop. Different financing strategies will be required at start-up depending upon the method chosen to reach the customer.

The business sector this research will focus on is that of product design and manufacture. Such businesses include ceramics, jewellery, fashion, furniture etc. and products generally of a 3D nature [although interviews with painters and printmakers have been included]. In the analysis of over 100 different businesses, set-up strategies were assessed along with their development paths. Particular emphasis was placed on how these businesses reached their

customers and whether this changed as the business progressed. The businesses studied are all very different and come from all areas of the UK; some are relatively new while others have been trading for over 25 years.

1.2. Creative Businesses

Although the writer s own background is in fashion, it was decided to open up the research to look at all creative designer/maker businesses. This was for two reasons:

1. Initial investigation showed creative industries run in a similar way.

2. By opening up the research to all creative industries, a more in-depth survey of how the small creative business runs was achieved.

The researcher found interviewing other designer/makers in all media to be eye opening and inspirational. Different businesses have different aspirations. One ceramicist, for example, may want total control over every thing s/he chooses to produce, whilst another may be looking to manufacture their designers on a far bigger scale, possibly involving employing teams of people, or organising factory production - thus loosing the personal identity of the product.

1.3. Creative business issues

At Brighton University, a project Graduate into Business [GIB] has been set up to review the information students receive on business start up. Their conclusions are that much more can be done to aid the student who aims to start a business while still in education. However, many individuals may only set up a business following failure to gain employment — they may not have considered a self-employment career whilst in education.

The Government have confirmed the importance of the Creative Industries in their Mapping Document white paper published 1998 and updated in 2001[1]. They have encouraged investment and development in this area, as it would appear that although many of these businesses close down, few actually go bankrupt.

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[1] The Creative Industries Mapping Document 1998 Section: Design
www.culture.gov.uk/creative/creative_industries.htm |

1.4. Other important designer/maker issues

Small businesses are affected by a number of different issues; in interviewing designer makers for this project, a number of problems encountered by these businesses emerged. The most common of these was the copying of design — particularly by big companies. New ideas can easily be seen at trade shows and exhibitions and large companies have the finance to copy quickly, [often changing the product just enough for it not to be a true copy] produce and ship it in a matter of weeks. This is something that the individual designer cannot compete with and has difficulty in combating. Another problem faced by these businesses is the slow and bad payment of bills. Cash-flow is regularly the reason for small business closure [check bank of England].

There is a huge difference between the mass produced designer product and the one off designer made item. One can influence the employment of hundreds or thousands of staff the

other affects an individual. However, there is rarely any difference at the conception of these business. How the business grows can be affected by any number of issues, [price, quality, design impact, originality, usability etc].

However, it was decided by the researcher that these were important topics in their own right and beyond the scope of this research and therefore, could not be included in this project.

2. Introduction - personal

I graduated with a good degree in fashion from Saint Martins School of Art in 1980. The fashion business at time was not as high profile as it is today, when top design companies snap up students from Saint Martins. In fact, I don t think any of my colleagues where offered employment on graduation. I set up my own business Kay Originals! within 3 months of graduating. Initially I sold women s wear from a market stall in Camden Town, London. I progressed within a year to the prestigious Kensington Market and began wholesaling my collection to a shop in London s Kings Road. From Kensington Market I moved to Covent Garden Market, which had recently been opened and through the contact in the Kings Road eventually opened a concession in a shop in Covent Garden. At that time, I was still selling womanswear and had started to exhibit my collections at London Fashion Week biannually. I had also developed a maternity catalogue as my designs suited this market.

I added childrenswear to my portfolio and in 1984 showed my first children s wear collection at Premiere Childrenswear in London s Earls Court. This was the turning point of my business as the collection was very well received. After my second childrenswear collection, I closed the concession in Covent Garden and sunk all my energies into the childrenswear business. Working from a large workshop in my hometown, I employed two full time machinists and used a small out-unit to manufacture the collections, eventually moving the production to a factory. Over the years I took on agents to help sell my collection and although most of my sales were in the UK, I showed the collection in Paris with support from the DTI and wholesaled across Europe with a small amount going to the US and Canada.

When I first started selling childrenswear there were small independent childrenswear shops on most High Streets in the country. Following the recession of the early 1990s and the introduction of childrenswear by such companies as Gap, Next, Jigsaw etc, the shops that I sold to started to disappear, as they could no longer compete price-wise with these new collections. At the end of the 1980s, for example, I stocked over 20 shops in the Southwest; by 1992, it had reduced to 4 customers. I could see the market was not going to recover and made the decision to close the business. The alternative would have been to take my

production out of the UK to somewhere like Portugal to reduce my costs, a few of my

competitors that did still survive. However, most gave up or worse, went bankrupt and had I

carried on, that may well have happened to me. Making the decision to close a business and

lay off staff is, I think, one of the most difficult and brave decisions any business has to take.

In my 16 years of trading I learnt a great deal very quickly - with all the help in the world,

problems still arise and must be overcome. Some examples of the more unexpected

problems were:

- I ordered German fabric at a time when the Government had stated that Britain would

  remain in the ERM [European Monitory Fund]. The fabric arrived and I started to

  manufacture the collection. The government then announced its was pulling out of the

  ERM and my fabric bill soared up by about £1000. My garments were ordered and sold at

  a price I could not change.

- In the recession of the early 1990s many, many of the shops that I dealt with

  disappeared owing me money that I would never recover. In 1991, I lost £6000 in bad

  debts.

- When I decided to move out of the workshop that I had rented for 13 years, my

  landlords served me with a dilapidation order. This had come about because I had

  signed, following the advice of a solicitor, three remaining years of a five-year lease on a

   temporary building when I moved in. What the solicitor should have advised me to do [I

  found out to my cost] was have a full structural survey agreed and signed by the landlord,

  before I signed the lease. I ended up virtually rebuilding a 30-year-old property that I had

  looked after, and that the landlords had regularly visited throughout my term, happily

  agreeing for me to sign two new 5 year leases without any problems. My new solicitor

  [recommended by a business associate this time] said he had never seen a case like it

  and although he reduced the initial estimate from about £25,000, I was still left with a bill

  of £10,000. Suing a solicitor I was advised, was a lost cause.

However, I survived, and overall, enjoyed being my own boss. I started the business before

any of the now common help agencies such as the Princes Trust had been set up or

Government incentives to support new business start-up had been introduced. In fact, I started my business on a £250 overdraft, which grew to £10,000 working overdraft over the following years. Looking back on it today, I realised I achieved a great deal, and this project has been a reminder of all the different things I accomplished.

2.1. Reaching my Customer

With the little investment, I had when I started the business, I could not afford to exhibit at a trade show and I certainly was not able to produce large quantities of stock. I gradually built up my business by initially retailing and then wholesaling on a small scale within a year of starting the business. Very early on in my business, I agreed to supply a small boutique with goods for sale of return, which I found to be a very unsatisfactory way to conduct business. It took me about two and a half years to organise manufacture and raise the necessary capital to participate in a National Trade show. Other trial routes to my customers were a mail order catalogue and mail order features in magazines. I employed 4 agents to promote my collection across the country, reaching areas I could never hope to reach. I also experienced trading at a Paris trade show with support from the DTI.

I thus experienced most forms of trading in my 16 years as a businesswoman and this, I feel, gives me the insight needed to talk to other creative businesses about how they reached their customers.

2.2. Students knowledge of business development

Whilst talking to fashion students [degree and HND level] about business plans and business start up, I realised how naïve many graduating students are about the different ways in which one can start a business. This was one of the main incentives for undertaking the project. [This has since been confirmed by GIB and has been quoted in the research.]

Business ideas have been read from students who would talk at length about the collections and garments that they were going to make and sell. They would describe in detail the fabrics they would use, the trims etc., but no mention would be made about whom they were selling

to. They rarely considered the difference between wholesale and retail and yet the pricing implication of the different trading styles is crucial to any business plan. A study was made of business start-up books to see why this might be the case. Much is written on the type of business [sole proprietor, partnership] how to price goods, how to set up basic accounts - all very useful. But for the creative designer/maker there are many different ways of reaching the customer and this often overlooked, or at best passed over in a paragraph, and yet is fundamental to the way the business works.

3. Small and Medium Size Enterprises

3.1. SME- A Definition

The term SME was coined by the European Union in the 1980s as an acronym for Small and Medium sized Enterprises.

Before the introduction of the abbreviation, there was a difficulty in defining the small and medium sized business. A variety of different definitions had been considered - these looked at e.g. employees, sales, profitability, and net worth of the business for a definition of size. However, different businesses fitted into different categories making comparisons difficult.

There have always been differences in businesses described as small . For example, a manufacturing business employing up to 200 has very little in common with small shop owned and run by a married couple [Stokes][2] - but both are considered small. Many small businesses have no ambitions for their business to grow, whilst others who start a new business foresee a great future, employing many people. Different businesses fall into different categories, comparisons are difficult and statistics even more problematic. There are fundamental differences in the way these small businesses practice. For a government to help in the development of SMEs it requires a definition of businesses on which to focus.

3.1.1. The Bolton Report

In 1969 Anthony Crosland [President of the Board of Trade in the Labour government of the day], set up a Committee of Inquiry on Small Business of which JE Bolton was appointed chairperson. The committee completed the report two years later in September 1971, presented its findings to John Davies, President of the Board of Trade in the new Conservative government following a general election.

Stanworth and Grey, Ed[3] quote Bolton, who comments looking back on the report;

> *The way in which our enquiry spanned governments of two different political complexions was to prove prophetic, for today there is all-party agreement on the need to promote the role of small business in the economy .*
> He adds that — *It was made clear to us that the major purpose of the Inquiry was a long term one — the collection of information on the place of small*

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[2] David Stokes, Small Business Management, DP Publications. 1995
[3] Bolton 20 Years On, the Small Firm in the 1990 s.Edited by John Stanworth and Colin Gray. Published by Paul Chapman Publishing [1991] Commissioned by Nat West.

business in a modern economy as a basis for recommendations about future policy towards them .

However, it should be noted that at the end of the sixties when the report was commissioned the small businesses had been in steady decline since the 1920 s and therefore, did not have the strong influence on the economy that they do today. Even the Bolton Committee, cited by Storey[4], stated *The small firm sector is in a state of long term decline, both in size and in its share of economic activity* . Storey[5] confirms this by comparing manufacturing enterprises with less than 200 workers in the 30s, 60s and 1990s. These firms constituted about 19% of all manufacturing enterprises in the UK in the 60s, half that of 1935 - 38.4% and in 1990 the number had risen again to 31.8%. At the time of the report when the numbers of these small enterprises appeared to be in steady decline, many economists believed that these businesses were of no interest to the economy. The rise of the new businesses that began to appear at the end of the 1970s had not been predicted.

However, because of the rise in number of small businesses from the end of the 1970s the report is still considered important and influential today. One of the report recommendations was the creation of a Small Business Division reporting to an appointed minister for Small Business. This department still exists, although now it is at the Department of Trade and Industry [DTI].

The report included a postal survey that received responses from 3500 businesses and an extensive review of UK and international statistics. Eighteen reports on small business in different sectors of the economy, group discussions among small businesses and various specialised topics, such as finance, were commissioned. These reports where published separately.

The problem with the Bolton method of distinctions of business was the variety of categories used, it was still very difficult to define a specific category into which a business would fit.

The report proposed that a small business had three essential characteristics:

- Small businesses are managed by their owner[s] in a personal way and not through a formalised management structure.
- It has a relatively small share of the market in economic terms.
- It is independent in the sense that it does not form part of a larger enterprise and its ownership is relatively free from outside control in its principal decisions.

It also made definitions as to the industry type:

Manufacture	200 employers or less
Construction/ mining and quarrying	25 employers or less
Road transport	5 vehicles or less
Retailing / miscellaneous	£50,000 p.a. turnover or less
Motor trades	£100,000 p.a. turnover or less
Wholesale trades	£200,000 p.a. turnover or less
Catering	All excluding multiples or brewery- managed houses.

Although the Bolton report was not the first inquiry into the development of the small

business, it set a basic groundwork and raised the question of the importance of small

business in the economy.

Although small businesses were in decline, Bolton[6] stated

> We believe that the health of the economy requires the birth of new enterprises in substantial numbers and the growth of some to a position from which they are able to challenge and supplant the existing leaders of industry. We fear that an economy totally dominated by large business could not for long avoid ossification and decay

Bolton also ignored employment in the report, but this could be due to unemployment not

being an issue at that time [employment, or unemployment started to become a major issue in

1978-79].

The Bolton Report offered a definition for the small / medium size business to be categorised

in and to be used by officialdom. Storey[7] comments that

> Bolton employed a hotchpotch of different definitions of a small business according to the sector in which it operates, thus making international comparisons and comparisons over time virtually impossible .

However the DTI on their web page state The best description of the key characteristics of a

small firm remains that used by the **Bolton Committee** in its 1971 Report on Small Firms.

This stated that a small firm is an independent business, managed by its owner or part

owners and having a small market share.[8]

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[4] D.J. Storey Understanding The Small Business Sector Routledge 1994
[5] D.J. Storey Understanding The Small Business Sector Routledge 1994
[6] The Bolton Report
[7] D.J. Storey Understanding The Small Business Sector Routledge 1994
[8] Small and Medium Enterprise (SME) — Definitions, DTI www.dti.gov.uk/define.htm

Other definitions of small businesses have been proposed for example:

Section 249 of the Companies Act of 1985[9] states that a company is Small if it satisfies at least two of the following criteria:

- A turnover of not more than £2.8 million;
- A balance sheet total of not more than £1.4 million;
- Not more than 50 employees

A medium sized company must satisfy at least two of the following criteria:

- A turnover of not more than £11.2 million;
- A balance sheet of not more than £5.6 million;
- Not more than 250 employees.

The simplification of definition offered by the DTI makes a clear and precise identification of a business employing fewer than 250 people. The definitions are as follows:

Medium	those employing between 50-250
Small	those employing between 10-50
Micro	those employing between 0-9.

However, the DTI[10] states that

> In practice, schemes which are nominally targeted at small firms adopt a variety of working definition depending on their particular objectives .

The DTI add,

> In February 1996, the European Commission adopted a communication setting out a single definition of SMEs. The commission will apply this across Community programmes and proposals.
> The communication permits them to use lower threshold figures, if desired.
> The communication explains that existing SME definitions in Community programmes may continue to be used until 31 December 1997. After that date, the single definition must be used. The single definition must be used if programmes are modified in the meantime.

Criterion	Micro	Small	Medium
Max Number of employees	10	50	250
Max annual turnover		7 mecu	40 mecu
Max annual balance sheet total		5 mecu	27 mecu
Max % owned by one, or jointly by several, enterprise[s] not satisfying the same criteria		25%	25%
Footnote: To qualify as an SME, both the employee and the independence criteria must be satisfied and either the turnover or the balance total criteria.			

Table 1 EC SME Definitions, Source DTI [11]

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[9] Small and Medium Enterprise (SME) — Definitions, DTI www.dti.gov.uk/define.htm
[10] Small and Medium Enterprise (SME) — Definitions, DTI www.dti.gov.uk/define.htm

This dissertation will use 250 as the maximum number of employees as a definition of an

SME, as this is common to most authors on the subject [DTI, EU, Bank of England].

The definition has been accused of over simplification [Storey[12]] as it is *all embracing* —

however, the governments of Europe have now used it for a number of years.

Storey[13] notes

> *The only exception is that, at the EC level, a special group of business are*
> *identified — those in the craft trades. These are small-scale businesses which are*
> *heavily dependant on a handicraft, professional, traditional or artistic base. All*
> *European countries, with the exception of Spain and the United Kingdom, have*
> *some definition of craft trades, although the nature of that definition varies*
> *considerably from one country to another .*

3.2. The Importance of SMEs

Trade and Industry, Select Committee on Trade and Industry Sixth Report, Small and Medium
Sized Enterprises. March 1998[14] states,

> *The importance of SMEs to the UK economy is well recognised. Mrs Roche [the*
> *Parliamentary Under Secretary of State at the Department of Trade and Industry*
> *with responsibility for Small firms on June 2nd 1998] described SMEs as*
> *backbone of the economy ; the Federation of Small Business noted that SME*
> *contribute some 40% of the UK s turnover and employ over 50% of private sector*
> *employees .*

Stokes[15] in Small Business Management comments on the importance of SMEs,

> *The small business sector has become of such economic and social*
> *significance internationally that its development can no longer be left to chance.*
> *In the UK, the Bolton committee recognised the need to provide support, and, in*
> *the years since their deliberations, help for small business has come in many*
> *forms from a variety of sources. Both Labour and Conservatives governments*
> *have followed policies aimed at supporting small firms. Non-government*
> *organisations give support for specific sectors and regions. Banks and financial*
> *institutions offer help beyond just the provision of finance. European*
> *governments and the European Community have also instituted policies and*
> *incentives to promote the development of SMEs.*

It is clear that SMEs play a vital part in the economy of the EU as they account for 65% of the

turnover[16]. In the UK, SMEs account for approximately 56.3%[17] of employment and 99.8% [18]

[11] Small and Medium Enterprise (SME) — Definitions, DTI www.dti.gov.uk/define.htm
[12] D.J. Storey Understanding The Small Business Sector Routledge 1994
[13] D.J. Storey Understanding The Small Business Sector Routledge 1994
[14] House of Commons, Trade and Industry, Select Committee on Trade and Industry Sixth Report, Small and Medium
Sized Enterprises. March 1998.
[15] David Stokes, Small Business Management, DP Publications. 1995
[16] Statistics from The Contribution of the Smaller Business -web site 1999.
www.dti.gov.uk/comp/benchmark/sects/3conti.htm
[17] UK statistics from DTI 1998 from DTI web Site for SME s [updated August 1999] www.dti.gov.uk/press.htm
[18] UK statistics from DTI 1998 from DTI web Site for SME s [updated August 1999] www.dti.gov.uk/press.htm

of all business falls under the SMEs category. However, they only account for about 51.8%[19] of the UK s annual turnover[20]. This amount of business constitutes large revenues for the UK, and has a major impact on the running of the country. It is for this reason that research and resources have been invested into a better understanding of these enterprises. [Many universities now have centres for small and medium sized enterprises, e.g. Business Schools at Cambridge, Warwick, UKC and Durham].

Type	Size [number]	Number of business			Percent of business		
	Number of employees	Businesses	Employment	Turnover [£ Millions]	Business	Employment	Turnover
Micro	None	2,339,645	2,749,000	88,634	64.0	12.7	4.6
	1-4	922,585	2,356,000	214,258	25.2	10.9	11.1
	5-9	204,290	1,483,000	123,017	5.6	6.9	6.4
	Total [micro]	3,466,520	6,588,000	425,909	94.8	30.5	22.1
Small	10-19	111,800	1,568,000	154,360	3.1	7.3	8
	20-49	48,300	1,496,000	152,716	1.3	6.9	7.9
	50-99	14,945	1,043,000	110,925	0.4	4.8	5.8
	Total [small]	175,045	4,107,000	418,001	4.8	19	21.7
Medium	100-199	8,145	1,127,000	116,995	0.2	5.2	6.1
	200-249	1,520	338,000	37,781	0.0	1.6	2
	250-499	3,215	1,123,000	154,639	0.1	5.2	8
	Total [medium]	12,880	2,588,000	309,415	0.3	12	16.1
Large	500+	3,445	8,311,000	773,663	0.1	38.5	40.1
	All	3,567,885	21,595,000	1,926,987	100.0	100	100
	All with employees	1,318,240	18,846,000	1,838,353	36.0	87.3	95.4

Table 2 Number of businesses, employment and turnover by size of enterprise. Start 1998 in UK[21]

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[19] UK statistics from DTI 1998 from DTI web Site for SME s [updated August 1999] www.dti.gov.uk/press.htm
[20] UK statistics from DTI 1998 from DTI web Site for SME s [updated August 1999] www.dti.gov.uk/press.htm
[21] UK statistics from DTI 1998 from DTI web Site for SME s [updated August 1999] www.dti.gov.uk/press.htm
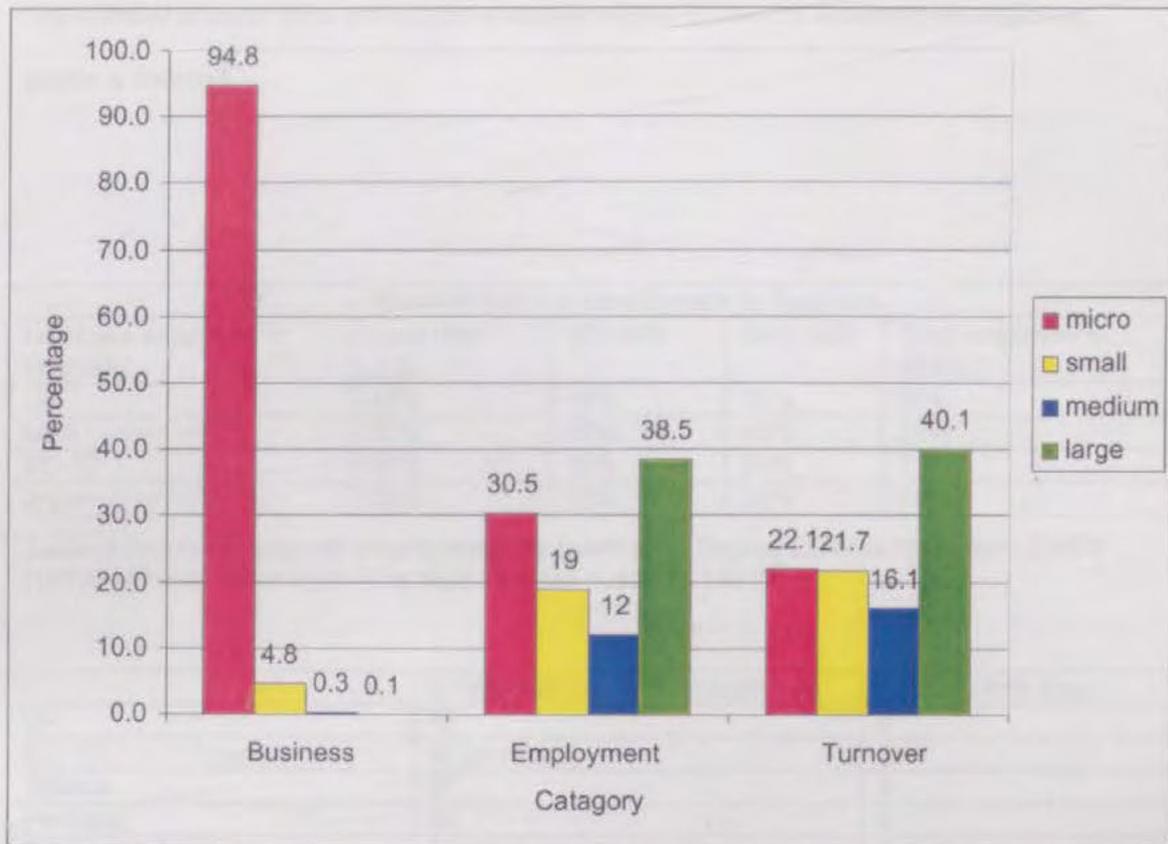
Chart 1 Proportion of Businesses, employment and turnover in micro, small, medium and large Businesses — start 1998 DTI[22]

3.2.1.   A review of SMEs outside the UK

Because of the difficulty in definitions of a small business, it is difficult to compare the

progress of SMEs in the UK with those in other countries, especially outside the EC.

However, in most industrialised countries, there was a rise in SMEs in the 1980s and most

industrialised countries figures are similar to the UK. The USA has a larger number of

employees [49%] in large enterprises. The charts below show a variety of statistics. The first

compares the share of employment by size with the USA, EU-12, and Japan in 1993. The

second, also from 1993 compares the number of enterprises per 1000 inhabitants, and

average firm size. Storey[23] notes that that the less developed countries of Greece, Portugal

and Spain [in 1993], had the smallest enterprises per 1000 inhabitants, and comments that

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[22] UK statistics from DTI 1998 from DTI web Site for SME s [updated August 1999] www.dti.gov.uk/press.htm
[23] D.J. Storey Understanding The Small Business Sector Routledge 1994

the number of small firms looks to be inversely related to level of economic development

[within a country].

Numbers employed in business	Share of national employment by business			
	Less than 100	100-499	Over 500	Total employed in SMEs
UK	47%	18%	35%	65%
USA	37%	14%	49%	51%
EC-12	55%	16%	29%	71%
Japan	56%	18%	26%	74%

Table 3 Share of national employment by business. Source EC data taken from ENSR [1993], US data taken from "The state of small business 1991"[24]

	Enterprises per 1000 inhabitants	Average firm size
UK	46	8
EC- 12	45 [average]	6
Greece	67	3
Portugal	62	4
Spain	52	4
Denmark	35	9
Germany [former FRG only]	35	9

Table 4 Enterprises per 1000 inhabitants and Average firm size. Source: ENSR 1993

	Percentage of employment in SMEs
UK	65%
Europe	70% [average]

Table 5 Employments in SME [1995][25]

Small business growth varies from country to country. In Japan, the important growth of small businesses could be seen in 1949-1955 [Storey[26]] this is completely opposite to that of the UK [1980-1990]. This would appear, therefore, that the rise of small businesses relates to the development of a country. Undeveloped countries have the highest numbers of small businesses [see chart above]. Small business growth can be directly linked to the growth of a country s economy.

[24] D.J. Storey Understanding The Small Business Sector Routledge 1994
[25] David Stokes, Small Business Management, DP Publications. 1995
[26] D.J. Storey Understanding The Small Business Sector Routledge 1994

3.3. Historical Background

SMEs are not a new creation, although today there are probably more in the UK than at any other time in this or last century. At the turn of the 20th century about 12% of the work force were self-employed. In the 1930s about 38% of companies employed less than 200 employees. Both self employed and small businesses employing less than 200 workers gradually declined until 1960 when only about 8% of the work force were estimated to be self employed and only about 19% of total manufacturing was thought to consist of companies of 200 employees or less. In the sixties and seventies the numbers hardly changed it was only towards the end of the seventies that the number of both the self employed and small manufacturing businesses began to rise. There was then a steady rise of both self-employed and small business births throughout the 1980s and 1990s, dropping off only slightly through the recession in the early 1990s. In 1990 about 12% of the labour force were thought to be self employed, while about 32% of all the manufacturing enterprises in the UK were thought to employ 200 or less [Storey[27]].

Unemployment also played its part in the creation of new small business. After the First World War, it appeared there was a chance of a job for everyone until the 1930s following the Wall Street crash 1929. However, by the end of the 1930s, job creation had improved and then the outbreak of the Second World War created further demand for jobs. After the war, unemployment remained relatively low until the end of the sixties. Bridge et al[28] comment on unemployment:

> *Alarm bells did not ring loudly when by the end of the 1960s this figure had doubled to about half a million. Although history is lived forwards it is viewed backwards, and it is only in retrospect therefore that it would now seem that this was the turning point.*

They add that the figure grew to one and half million in the 1970s and then rose to three million in the 1980s noting: *notions about the practicality of achieving full employment were finally shattered.*

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[27] D.J. Storey Understanding The Small Business Sector Routledge 1994
[28] Simon Bridge, Ken O Neill & Stan Cromie, Understanding Enterprise, Entrepreneurship & Small Business, Macmillan Business 1998

During the late 1970s and early 1980s, the number of small businesses began to rise [see chart below]. This affected the amount of research into the small business as it was realised that they played a vital role in employment and as a result, the economy.

Brigde, O Neill & Cromie[29] cite Handy, from The Future of Work, 1984 ,

> In his introduction Handy points out that it was during the 1970s that visible changes began to appear in what had until then been the normal working life. Large organisations began to decline and concepts such as redundancy and long-term unemployment became more familiar. Britain was no longer primarily an industrial nation. Since the early 1970s the gross profits from the service sector had exceeded those form manufacturing. Internationally it was the same.

The 1980s became a *new age of enterprise lead by entrepreneurs working in small business* [Stokes[30]] and public policy encouraged and helped the new small business.

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[29] Simon Bridge, Ken O Neill & Stan Cromie, Understanding Enterprise, Entrepreneurship & Small Business, Macmillan Business 1998
[30] David Stokes. Small Business Management, DP Publications. 1995
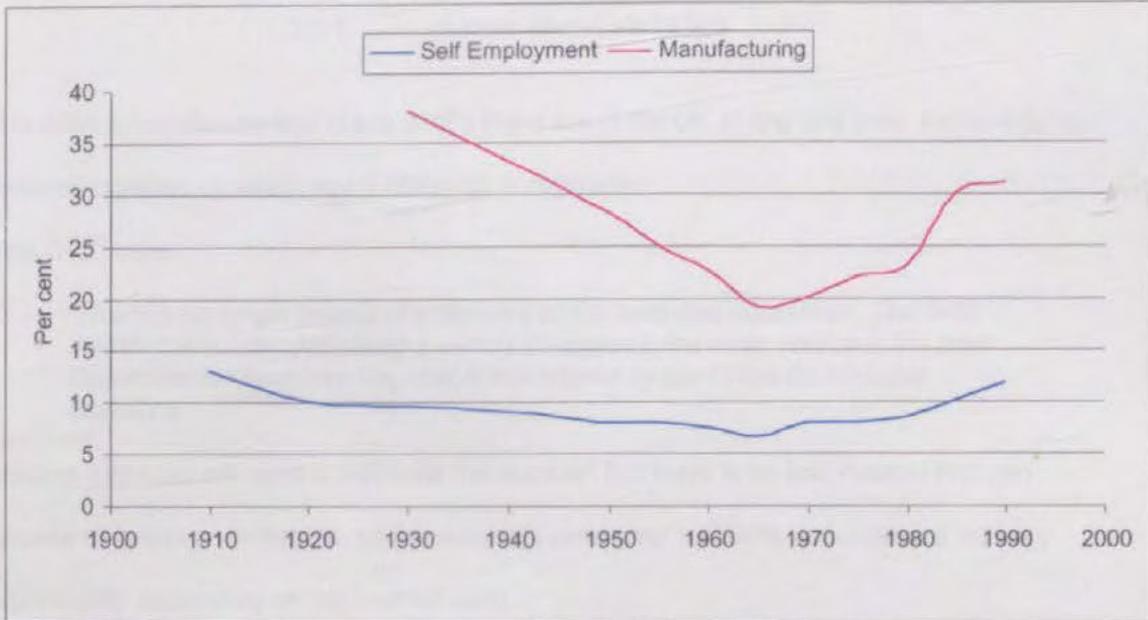
Chart 2 The Importance of Small Firms in the UK. [31]
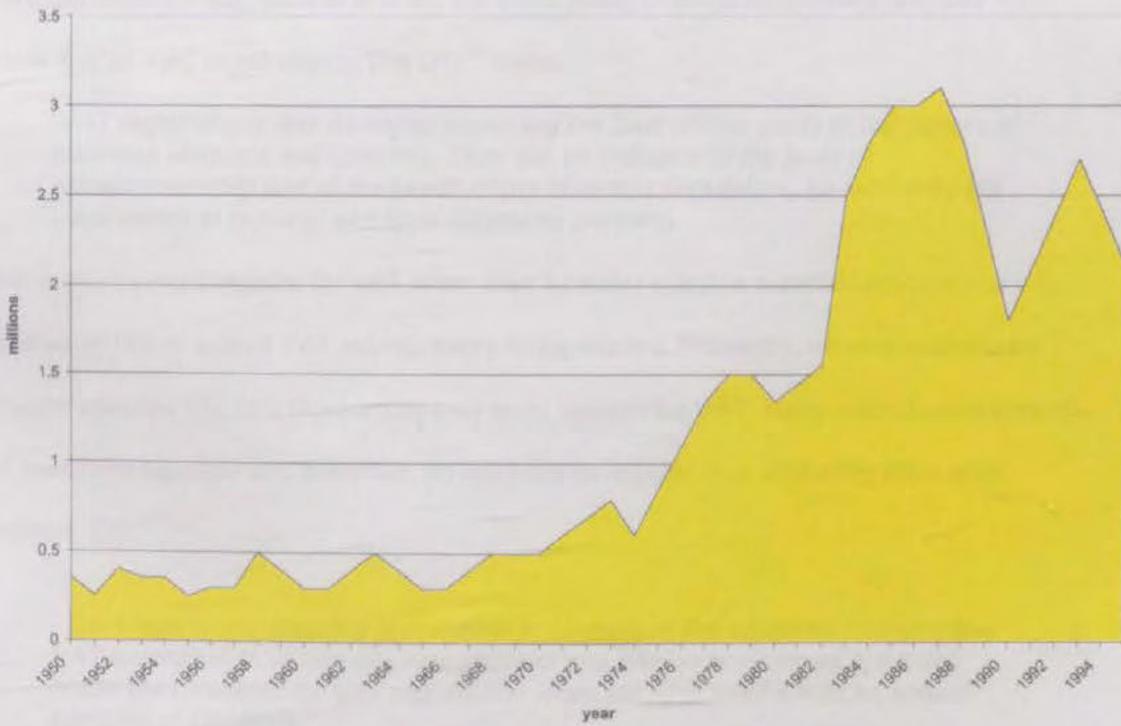
Chart 3 UK Unemployed millions [32]

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[31] D.J. Storey Understanding The Small Business Sector Routledge 1994
[32] Simon Bridge, Ken O Neill & Stan Cromie, Understanding Enterprise, Entrepreneurship & Small Business, Macmillan Business 1998

3.3.1. A note about statistics

It is difficult to estimate how many SMEs there are in the UK at any one time, as there is no national register, on which every business is registered.

The DTI[33] state

> There is no single source of estimates of the business population. The SME statistics are compiled using a variety of sources; the main source is the Inter Departmental Business Register administered by the Office for National Statistics.

Various formulas are used to estimate the number, but there is no one method that can assess all business in the UK, so the numbers can never be 100% accurate and will vary significantly depending on the method used.

The most common approach to find out the stock [total] of small businesses is to use VAT [Value Added Tax] registrations. The DTI[34] states

> VAT registrations and de-registrations are the best official guide to the pattern of business start-ups and closures. They are an indicator of the level of entrepreneurship and of the health of the business population. As such they are used widely in regional and local economic planning.

All companies must register for VAT when their turnover reaches a certain amount and it is required by law to submit VAT returns every three months. Presently, when a businesses turnover reaches £52,000 [April 2000] they must register for VAT. Many micro businesses do not reach this turnover and therefore, do not have to register thus excluding them from statistics. DTI[35]

> Coverage of the statistics is complete in all parts of the economy except a few VAT exempt sectors and the very smallest one person businesses operating below the threshold for VAT registration (from 1st April 1998 it was an annual turnover of £50,000) .

However, Stokes[36] says that there are problems relying on VAT data:
- The data includes many enterprises, including those whose taxable turnover is below the VAT threshold, and some exempt activities.
- The data includes larger enterprises. Whilst new registrations for VAT may be largely small businesses, deregistrations may include larger firms.

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[33] UK statistics from DTI 1998 from DTI web Site for SME s [updated August 1999] www.dti.gov.uk/press.htm

[34] DTI Statistical Press Release August 1999 Business start-ups and closures: VAT registrations and de-registrations in 1998 www.dti.gov.uk/sme4/spn98.htm

[35] DTI Statistical Press Release August 1999 Business start-ups and closures: VAT registrations and de-registrations in 1998 www.dti.gov.uk/sme4/spn98.htm

[36] David Stokes, Small Business Management, DP Publications. 1995

Only a small percentage stay in business in the long term: less than one in three business start ups survive for a decade, a half may last 5 years.

In 1991, there was a sharp drop in small businesses registering for VAT. As well as being the start of a recession, 1991 was also the year that the registration threshold was raised quite considerably [from £25,000 - £35,000]. As the threshold has risen, the number of micro enterprises registering has declined. Many businesses may well have chosen to opt out of the system when the figure jumped to £35,000, but were still trading. However, VAT statistics would show them as having ceased trading. As micro businesses make up 94.8% of SMEs, the VAT registration system cannot be used as an accurate way of estimating their numbers [although no other more accurate system is currently available]. Storey[37] cites Bannock and Partners who estimated that only about two thirds of UK businesses are registered for VAT, and also cites The Small Business Research Trust who estimate only 56% of UK businesses are registered for VAT.
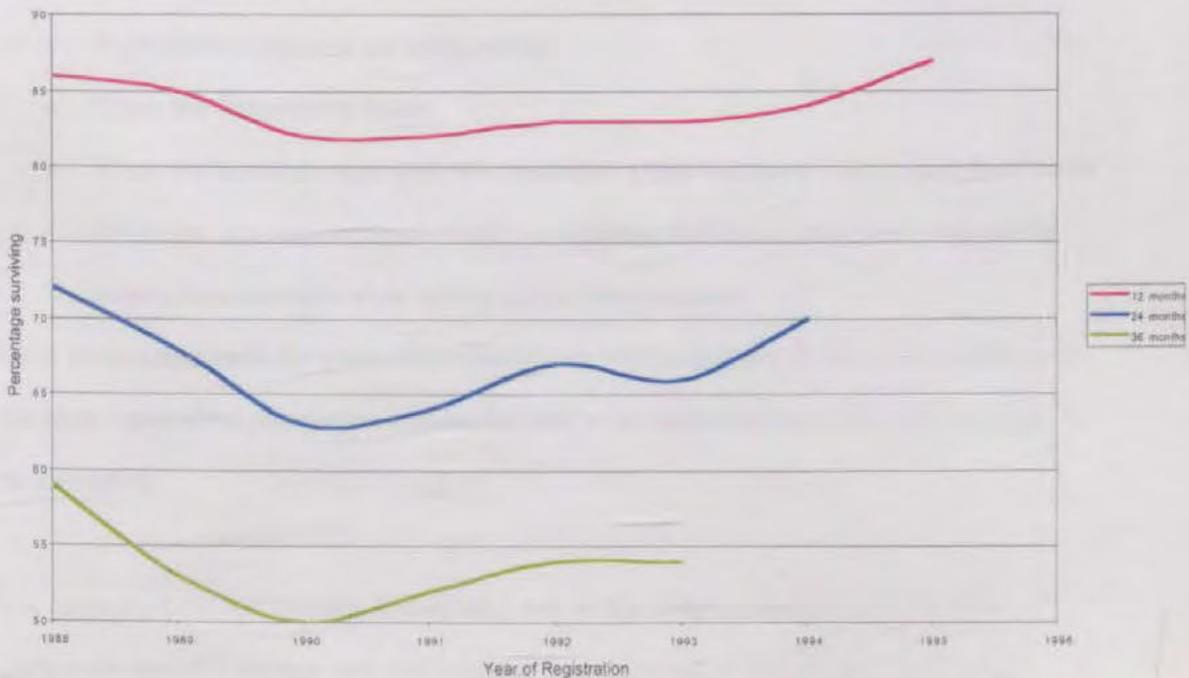
Chart 4 UK Survival Rates for VAT registered business

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[37] D.J. Storey Understanding The Small Business Sector Routledge 1994

Another way in which data is collected is from the register of Limited Companies. It is purely a personal choice of the founder whether or not a company registers itself as a limited company. Storey[38] estimates that less than 20% of businesses that are Limited companies therefore this information is far less accurate than the VAT figures.

The PAYE [Pay as You Earn] figures are also used for statistics of SMEs. When a company employs a person, they are required by law to organise the tax and National Insurance of the employee. This is called Pay as You Earn. These figures will be a good estimate of the number of employees within the SME category. But these figures do not include any business that does not employ staff or is a partnership, as wages for partners will be deducted from the annual accounts and PAYE registration for these individuals is not required. As with VAT these calculations do not include a large number of micro businesses.

It is also difficult to define when a business starts, is it:

- From the first ideas of the entrepreneur
- When the first order is taken
- When the business took over new premises -many business initially start from home
- When the business takes on the first employee- the owner could very well still be employed elsewhere while setting up the new business

Many businesses trade for years before becoming VAT registered or Limited companies, on the other hand some companies register for VAT or as Ltd companies but they never get as far as trading.

It is generally believed [Stokes, Storey etc,] that all the different research in this field underestimates the number of small business that there are in the UK, as many micro businesses fail to appear on any register [VAT, Ltd company, Company register]. Storey[39] confirms that - *our ability to specify their precise numbers remains weak* .

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[38] D.J. Storey Understanding The Small Business Sector Routledge 1994
[39] D.J. Storey Understanding The Small Business Sector Routledge 1994

3.4. Births and Deaths

When a new business starts, this is called a birth, when a company closes this is referred to as a death. Just as we do not know the number of births from VAT statistics, it is impossible to know the number of deaths. The highest rises in business deaths are seen in times of recession. In 1987, [start of the Lawson Boom] 9,365 businesses declared themselves bankrupt [Storey]. In 1991, [the year of the start of the recession] 25,640 declared themselves bankrupt, while 203,000 businesses deregistered, [Storey]. During a recession, the small business is more likely to cease trading than a large one, as larger business can downsize to survive. Larger plants may close some of their sites, but not close the business, concentrating their energies on the more efficient areas of the business. When a business ceases to trade this does not automatically mean that it has gone bankrupt- it may have been taken over, or just stopped trading. Some businesses de-register but do not cease trading and this takes them out of the VAT statistics. In 1987, of all the businesses that de-registered, only 58% went out of business. Other companies acquired 21%, and there are no accounts for the final 21% [Storey[40]]. They may well have continued trading with a turnover under the VAT threshold. Therefore, only about half the de-registrations are thought to be due to business failure. Bridge et al[41] comment

> The word failure is often ascribed to the termination of a business. A business may cease to exit of otherwise change its identification for a number of reasons. A business can terminate if it is sold and its operations are absorbed into another: the operations of the business continue but its separate legal existence disappears. It can terminate when it chooses to cease to trade because those concerned see a better opportunity elsewhere, or it can terminate if it is closed when the owner retires. These are all terminations but they are not all failures.

The second and third years of a new business are the most frequent years for companies to de-register from VAT. Businesses that are not VAT registered and that go out of business, may have never have existed, as far as the official statistics are concerned.

From his book Small Business Management, Stokes[42] confirms these findings,

- *Failure rates among small firms are very high. On average, about 10% of the total number of small businesses cease trading each year in the UK. As there are over 2 million firms in the economy, this means that on average around 200,000 go out of business each year.*

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[40] D.J. Storey Understanding The Small Business Sector Routledge 1994
[41] Simon Bridge, Ken O Neil & Stan Crombie. Understanding Entreprise, Entrepreneurship & Small Business. Macmillan Press1998
[42] David Stokes. Small Business Management, DP Publications. 1995

- *The young are more likely to die than the old. Failure rates are highest in the early years but chances of survival improve as the business matures. 15percent of new starts are likely to disappear in the first year of trading and over a third within three years.*
- *Small firms are much more likely to cease trading than large firms. Failure is a key distinguishing feature between small and larger business as medium — sized and large firms have a much lower failure rates.*
- *The very smallest firms are the most vulnerable. Micro- firms employing less than 10 people have a much higher rate than those employing up to 100 people.*

The high percentage of births means that between 10-20% of businesses in any one year is less than one year old.

The following table and chart show VAT registrations and deregistrations, from which the stock of enterprises in one year is estimated and the survival rate of UK new business compared to other EC countries over a period of about 5 years.

	Registrations		De-registrations		Stock of firms at end of year.
	000	Rate	000	Rate	
1994	168.2	36	188.1	40	1,609.3
1995	164.0	35	173.2	37	1,600.1
1996	168.2	36	165.1	35	1,603.2
1997	182.6	39	164.5	35	1,621.3
1998	186.6	40	155.9	33	1,651.6
1997-8	3.7	1	-8.5	-2	30.3

Table 6 Stock, start-ups and closures: VAT registrations and de-registrations, 1994-98 UK, thousands and rate per 10,000 resident adults[43]

	New business Survival after		
Country	1 year	2 years	5 years
France	84	62	48
Germany	86	70	63
Ireland	91	70	57
Italy	87	66	54
Portugal	76	56	47
United Kingdom	87	62	47

Table 7 Business Survival rates: percentage of enterprises surviving after 1,2 and 5 years.[44]

The following two charts show the change in numbers of UK companies from 1980 —1998 taken from the VAT registration figures. Here it is clear to see the effect of the recession of the late 80s early 90s on UK small business. The number of enterprises in the UK follows this from 1980- 1998. These are all DTI figures.

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[43] UK statistics from DTI 1998 from DTI web Site for SME s [updated August 1999] www.dti.gov.uk/press.htm
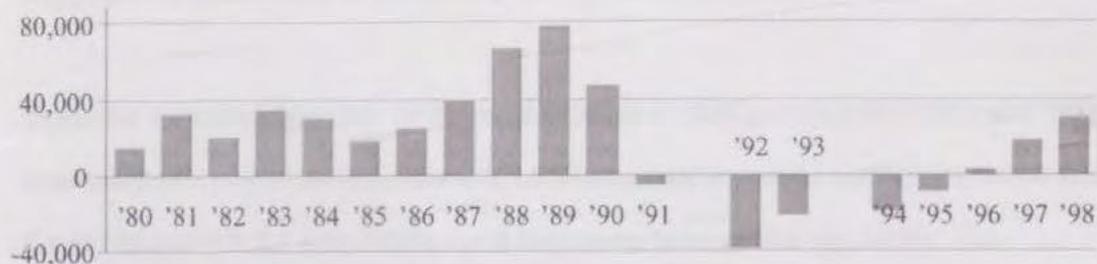
Note: Increases in the VAT registration threshold in 1991 and 1993 mean the estimates are only broadly comparable over this period.

Chart 5 Net change in the stock of VAT registered enterprises, 1980-98[45]
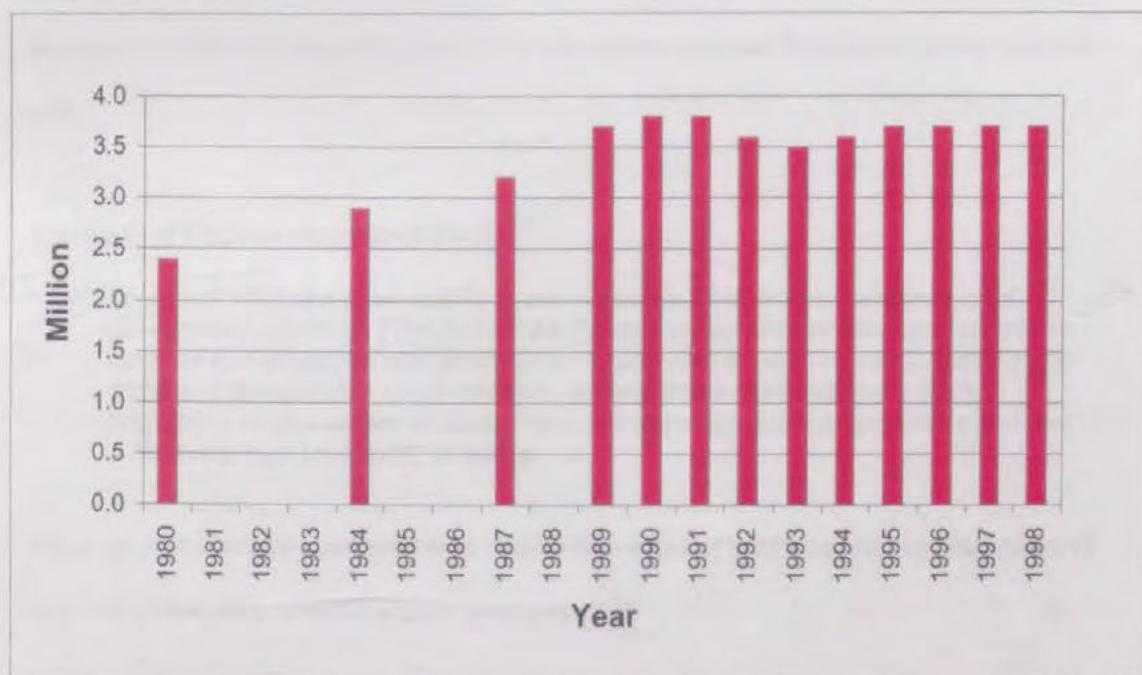
Chart 6 Numbers of Enterprises in the UK 1980-1998 [46]

3.5. Growth of SMEs

The industrial revolution in the nineteenth century saw the rise of the larger companies that had not existed before. Mass production techniques were introduced and new products were transforming the buying habits of society. The research cost of these where high, and only affordable by large organisations. The growth of the larger companies threatened smaller enterprises. As trade barriers fell, more trade was exported and international trading

[44] Simon Bridge, Ken O Neil & Stan Crombie. Understanding Entreprise, Entrepreneurship & Small Business. Macmillan Press1998
[45] UK statistics from DTI 1998 from DTI web Site for SME s [updated August 1999] www.dti.gov.uk/press.htm
[46] UK statistics from DTI 1998 from DTI web Site for SME s [updated August 1999] www.dti.gov.uk/press.htm

developed. The 1950s & 1960s saw large company growth and the belief that the small business was superfluous to economic growth [Stanmore & Grey ed,[47]].

There are a variety of reasons for the rapid increase in SME growth in the 1980s and 1990s. Unemployment played an important role. Unemployment increased dramatically at the end of the 1970s and into the early 1980s - until then many believed in a job for life . The unemployed had little or no opportunity of work; the only way out was to start a new business. Encouragement was given by the government, with the setting up of various schemes to encourage new business development offering some basic financial backing to the new business entrepreneur [Enterprise allowance scheme, Business start up scheme, etc].

The Bank of England report confirms this[48],

> Business start-ups grew rapidly in the 1980s as a result of a combination of government schemes, [The Enterprise Allowance Scheme encouraged people to become self employed and small firms corporation tax was reduced from 42% to 25%] and deregulation credit controls. Among these start-ups there were probably a large number of businesses that were not viable propositions and had a relatively high probability of failure.

Although high rates of unemployment lead to high rates of business start up, high rates of unemployment also reflected a poor economy.

The Enterprise Allowance Scheme, started in 1982 was the first of the government incentives. The scheme paid the new entrepreneur £40 a week for the first year, to help get the business started. Initially it appealed to about 2500 a year, but rose to peak at 106,300 in 1988/9. A decrease in unemployment benefit at this time of high unemployment forced many people into thinking for the first time of different ways to make a living. Once the enterprise allowance scheme was set up, this gave a further incentive to start a business when employment appeared unobtainable.

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[47] Bolton 20 Years On, The Small Firm in the 1990 s. Edited by John Stanworth and Colin Grey. Published by Paul Chapman Publishing [1991] Commissioned by Nat West.
[48] Finance for small firms A sixth report Bank of England January 1999

As the scheme developed, the new businessperson was expected to go on short training courses to help with the initial stages of business start up [accountancy, business plan etc]. Over the decade, the scheme developed and other ideas were introduced - these included the Business Start up Scheme [BSUS] organised by local Training and Enterprise Councils [TECs]. All the schemes were similar to the enterprise allowance, but were developed following the initial idea. Each scheme had different criteria but all were set up to encourage people out of unemployment benefit and into self-employment.

Storey[49] notes that an unforeseen downside to the development agencies was the possibility that it gave the new businesses with their grant support the ability to undercut others already in business, putting older companies out of business. This Storey describes as displacement. He says that it is difficult to estimate how often this occurred, but it is thought that it did.

The unemployed made up much of the new business start up in the early 1980s, although it is estimated by Storey[50] that 50% of the new businesses would have started up with or without government backing. Figures for successful business start up following the introduction of the enterprise allowance scheme where not always encouraging. Where the scheme was taken up there was high rate of failure, up to about 50% within the first three years. However, this also meant that there was a 50% success rate. These newly created businesses generated work for many unemployed people. However, the majority of new companies did not grow large enough to take on extra staff and only about 4% of businesses were found to create 60% of new jobs [Storey[51]].

High unemployment can lead to self-employment, as the competition for jobs available will be greater. If no job can be found then self employment is a possible answer. If incentives are introduced then the jump to self-employment can be seen as more inviting. In the 1980s, it benefited the Conservative government in power to encourage new small enterprise. Not only did this reduce the unemployment figures, it was also strongly believed at this time, that these

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[49] D.J. Storey Understanding The Small Business Sector Routledge 1994
[50] D.J. Storey Understanding The Small Business Sector Routledge 1994
[51] D.J. Storey Understanding The Small Business Sector Routledge 1994

entrepreneurs were likely to be Conservative voters [Storey[52]]. Those employed in large firms were more likely to be a member of a union and therefore, Labour voters, than those in small firms [Storey[53]].

In the1980s, the Conservative Government introduced the following two incentives to encourage the new entrepreneur: -

A change in privatisation and deregulation

A change in the tax system to help the self employed

The plan was to develop an enterprise culture to encourage self-employment.

As well as the banks and the government agencies, other forms of financial support and business advice could be found with independent schemes such as The Princes Youth Business Trust and Shell Live Wire. These backed the young entrepreneur [under 30] with an interesting business plan, wanting to set up a business, with grants and loans. Today these are often the first place the young entrepreneur will take their business idea. Frequently the banks will only consider a business loan if it is backed up by money from another source [PYBT match funding[54]].

3.5.1. Banks and their support

In the 1980s, when many new businesses started up, the only avenue for financial support for most, were the banks. Today there is less financial support given by the Banks. The Bank of England annual report[55] on Small business in 1999 states:

> *Many small businesses are now more appropriately financed than they were in the early 1990s. Overall, the level of small firms indebtedness has fallen, while the range of types of finance has increased. The relationship between small businesses and their finance providers, specifically the banks, have improved significantly since the early 1990s and continued to do so in 1998. However, the banks still remain the most important source of finance for the small business.*

New companies were encouraged to open business bank accounts following their acceptance onto the Enterprise Allowance Scheme. In the recession of the early 1990s the banks lost a great deal of money due to business collapses and started to call in loans and to introduce

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[52] D.J. Storey Understanding The Small Business Sector Routledge 1994
[53] D.J. Storey Understanding The Small Business Sector Routledge 1994
[54] Interview with Ron Dunham PYBT appendix pg. No. 109
[55] Finance for Small firms A sixth report Bank of England, January 1999

more stringent loan and overdraft policies for business start up. This is backed up by the Bank

of England Report[56] that notes

> In the late 1980s and early 1990s, the banks had large exposures to the small
> business sector and make substantial losses as a result of the recession. This
> posed a reputational threat to the banking sector and had a destabilising effect
> on small business. Since that time many structural changes have occurred,
> improving the provision of finance to small business.

The more adventurous the business venture, the higher the rates of interest charged on a

loan by the bank. Under the sub heading Risk to Financial Providers The Bank of England[57]

states: *Small firms do have a higher probability of ceasing to trade than larger firms.*

New businesses have limited information about their market compared to larger companies

who are often required to share information with shareholders [Limited Companies] or have a

long history of conducting business. Information about the business grows with the company

itself. Small businesses offer a greater uncertainty, which equates to a higher risk, therefore,

the bank often insists on collateral [from the business or in other forms such as property] as a

guarantee against the loan.

Entrepreneurs vary in ability — this makes it difficult for banks to judge between the good and

the bad. Most entrepreneurs start with very little information and gain more very quickly as the

business develops. Collateral gives the bank an incentive to lend; it also provides a signal to

the bank that the company is more confident of success. The more risky the business the

more likely they will be asked for collateral. Bank of England[58] state,

> Although Banks now take more account of business plans and cash flow
> projections in lending to small business, they do still take collateral in order to
> overcome the risks from adverse selection and moral hazard.

But with collateral, the banks may well have the ability to interfere in the running of the

business, or call in the loan when they choose. Storey[59] says that the banks have been

criticised for seeking to close a business and obtain their security, rather than allowing the

business to continue to trade and so giving it a chance to rescue itself.

When a new business starts the entrepreneur may well use one of the grant facilities

available. In many cases, business start up cost is low and the small grant that the Princes

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[56] Finance for Small firms A sixth report Bank of England, January 1999
[57] Finance for Small firms A sixth report Bank of England, January 1999
[58] Finance for Small firms A sixth report Bank of England, January 1999
[59] D.J. Storey Understanding The Small Business Sector Routledge 1994

Trust offers may well suffice. However, some new business ideas require substantial

investment, investment that the banks may not be prepared to consider. Other independent

loan companies touting for business investment began to appear throughout the 1980s

[Venture Capitalists and Business Angels]. These gave the more adventurous business

proposals a chance of succeeding.

Venture Capitalists and Business Angels gave the businessperson with a new idea a way of

achieving his goal. These investors give capital to entrepreneurs for a stake in the business.

The investor may work with the company to offer advice and help, most have strong business

skills, having often built up successful companies themselves. They use their capital to

reinvest in the new ventures. Others leave the organisation of the company to the

management. It is believed that the hands on approach results in faster growth with better

returns. However, The Bank of England[60] states

> Only a small proportion of small businesses are prepared to accept a reduction
> in ownership and control for equity finance. Growth-orientated, non-family
> businesses are more likely to seek external equity finance than family and
> lifestyle businesses.

They add,

> Demand for external finance is also positively correlated with business size.
> 30% of Micro businesses [0-10 employees] sought external finance in 1995-97,
> compared with 45% of small [10-99 employees] and 49% of medium 100-499
> employees] businesses.

Venture Capitalist and Business Angels are usually only looking to invest large sums of

money so are of little help to the micro business. In 1931 The MacMillan Committee[61]

reported that it was difficult to obtain long term capital in amounts of less than £200,000 this

was called the MacMillan gap. Although the Gap has fallen in real terms, the situation

remains; it is difficult in obtaining small sums of equity £100,000 being the smallest sum that

most venture capitalist will consider.

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[60] Finance for small firms A sixth report Bank of England January 1999
[61] MacMillan Committee [1931] report on the Committee on Finance and Industry

Joseph Otwill[62] [product designer looking for investment for a new children s push-chair] commented

> *We spoke to venture capitalist and people like that and the problem with venture capitalists is that they want to lend you lots of money. We got a basic provisional offer of money, but it was far more than we wanted. What is very, very difficult we found, was actually borrowing comparatively small amounts of money, because there isn t a funding slot to fill that. The high street banks will lend you that sort of money, but they want personal security, so they want your house or something like that. Were as the venture capitalists will lend you money without that sort of security but they want equity shares and they want to lend you much more.*

Smaller business are often not keen to share equity, and often do not have equity to put up. The uncertain entrepreneur will share equity, while the entrepreneur who is certain of success may not. Storey feels that[63], *it is vital to pursued entrepreneurs of the benefits of sharing equity with a financial institution or with a Business Angel* .

3.5.2. Problems with growth

During the recession in the UK in 1981-1982, there was a rapid start up in new enterprises. This was due to people being unable to find work and turning to self employment as a possible alternative. Incentives had been introduced by the Conservative government at the time to encourage this step. The increase continued through the 1980s and between 1988-1990, there was another rapid increase in small business start up. However, as well as start up there were a great number of business closures. It is difficult to assess why some companies fail whilst others succeed. Failure could be due to poor product, bad management, shortage of working capital, while survival is often down to a greater flexibility and a lower level of borrowing. However, there are no hard and fast rules.

Many new businesses have to survive at least one crisis. They are forced to change markets, face increasing competition, regulation changes on their goods, and new technologies. Change is central to growth - those that are able to cope with change are more likely to survive. More rapidly growing business are more likely to have made adjustments in a variety

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[62] Interview with Joseph Otwill appendix pg. no. 43
[63] D.J. Storey Understanding The Small Business Sector Routledge 1994

of different ways than a slower growing business. Most of the changes a business will make

will have been difficult to predict - original plans may have to be scrapped or modified.

Businesses that grow more rapidly are more likely to introduce new products regularly. Bridge

et al[64] comment: *There is some evidence, although it is by no means conclusive, that new*

product introductions are associated with growth.

VAT statistics show that of those registered for VAT in 1993 only 55% were still registered

after 3 years [Bank of England[65]]. Some of the businesses find themselves ticking over but

have no alternative employment and choose to persevere, even though the future looks

bleak. However, others flourish and these may be the new big businesses of tomorrow.

However, Storey[66] comments *Rapidly growing firms constitute a tiny proportion of the small*

firm population but, over a ten year period, they make a major contribution to job creation.

Storey[67] finds that smaller business failure is often related to the age of the business — his

findings show that the highest numbers of bankruptcies can be seen in the second and third

year of business. The companies that do not increase in size are more likely to go bankrupt —

the more people they employ the stronger the chance of survival and that growth is the key to

success.

Help and Advice is available for new and growing businesses, other than the Banks and the

agencies, the best place to find advice is from the private sector and the most useful is often

an accountant. New business advisers also set up their own enterprises to help others setting

up. However, it is often difficult to prove whether the help offered actually aids the business to

grow.

[64] Simon Bridge, Ken O Neil & Stan Crombie. Understanding Enterprise, Entrepreneurship & Small Business. Macmillan Press1998
[65] Finance for small firms A sixth report Bank of England January 1999
[66] D.J. Storey Understanding The Small Business Sector Routledge 1994

3.6.   The new SMEs

The 1980s saw a rapid development in technology, particularly in computers. In the past, the introduction of new technologies created jobs but only in larger enterprises that could afford the investment. At the end of the century, new technology is more affordable to the individual enabling him to develop and create new ideas and start new businesses. As these businesses grow, they may well become the large companies of tomorrow. The contribution to small Firms web site[68] states

> *Many of the UK's star performers — for example in IT, biotechnology and*
> *financial services — are SMEs. Their productivity is well in excess of the UK*
> *average and ahead of their international counterparts.*

As well as the rise in information technology, the 1980s also saw a rise in the service sector, and a decline manufacturing. The growth of SMEs changed the emphasis of business in the UK from manufacturing to the service industries. It is thought that as many as 90% of SMEs are in the service and construction sector [DTI].

Another explanation for the growth in the number of SMEs is the break up and division of larger business into smaller plant sizes. Licensing and franchising by large companies to new businesses creates another form of growth in numbers. Many larger companies in the 1980s chose to downsize, offering redundancy packages to their employees. Professional specialists acquired these packages and set up their own enterprises, often encouraged by government incentives. The larger company still employed the original staff, but on a self-employed terms rather than on the payroll. The larger companies also sub contract work out to smaller companies who could offer a more competitive rate than the internal one. Other new service industries also offered cheaper alternatives to employing full time staff and larger businesses began to rely on tailor made services introduced by the new small business entrepreneur [accountancy, research and design etc.].

The RSA inquiry "Tomorrows Company: the Role of the Changing Business"[69] confirms this:

> *New organisational structures are emerging, with the introduction of the*
> *networked organisation, the reduction and streamlining of corporate centres, the*
> *sub-contracting of whole functions, and the growing use of independent*
> *specialists .*

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[67] D.J. Storey Understanding The Small Business Sector Routledge 1994
[68] The Contribution of Smaller Firms web site. www.dti.gov.uk/comp/benchmark/sects/3conti.htm
[69] RSA Inquiry Tomorrow s Company 1995

And
> The trend is towards more work being done outside the traditional job box —
> often outside the company. As companies boundaries become more permeable,
> they are being forced to take a wider perspective on employment and work
> patterns. The number of people in full-time jobs in the UK stood at 14.5 million in
> employment — less than 60% per cent of the total 25.5 million in employment —
> and the figure is continuing to fall. In the same year there were 1.2 million
> multiple job holders.
> > Companies are exploring emerging opportunities for different types of
> flexible working.
> - 80 per cent employ temporary or part-time workers
> - 65 per cent contract out
> - 60 per cent use flexible work patterns
> - 22 per cent use home-based workers
> - 11 per cent use teleworkers

Handy cited by Bridge et al[70] predicted in 1984 the increase of part time and contacted self

employed workers, he suggested that the 100000 hours of expected work in a lifetime of a

generation ago may drop to 50000.

Consumers now demand individuality and originality. With technological advances, it is now

possible to produce smaller batches of goods economically. For example in the printing

industry, small print runs can now be competitive. The result is the rise of exclusive

magazines that in the past would have been too expensive to produce.

3.7.   Customers

The small business often has a high dependence on one, or a small number of customers.

Storey[71] cites Reid who examined seventy-three small firms between 1985-1988. He found

that dependence upon a narrow range of customers, or dependence upon a single customer

or small number of customers, is clearly a major element affecting survival and non-survival.

One in three businesses rely on one customer for twenty five per cent or more of their sales

[Storey[72], notes this is virtually identical to the Bolton Reports findings in 1971]. Customer

dependence declines with growth. Success can be seen in the ability to identify new niche

markets, and introduce new products. Small businesses can charge higher than normal prices

for these new exclusive products [although usually small business profit margin is less than

large business]. Typically, *55% of micro business sell half their output to their 5 largest*

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[70] Simon Bridge, Ken O Neill & Stan Cromie, Understanding Enterprise, Entrepreneurship & Small Business,
Macmillan Business 1998
[71] D.J. Storey Understanding The Small Business Sector Routledge 1994
[72] D.J. Storey Understanding The Small Business Sector Routledge 1994

customers, this compares with only 30% of business of between 200-499 workers The State

of British Enterprise cited by Storey [73].

3.8.   SME Productivity

SMEs have a lower productivity than larger business [Contribution of the Smaller Business[74]

web site] they estimate that:

> Productivity in the manufacturing sector tends to rise with business size. The
> average value added per head of business with more than 1,000 employees is
> often twice that of much smaller business in the same industry, and in the
> computer and office machinery sector SME productivity is only one third of that
> of the largest business.

The Contribution of Smaller Businesses web site adds:

> SMEs vary widely in the resources they allocate to innovation. Of SMEs with
> more than 20 employees, about one in ten spends 10% or more of turnover on
> new product and process development. But over one third of manufacturing
> SMEs spend nothing at all. SMEs in chemical and electrical engineering spend
> most.
> As in other EU countries, UK SMEs report a shortage of skilled labour. UK
> business are particularly concerned about a shortage of skilled managers and
> many do not see scope for rectifying this, even in the long term. One survey
> shows that over 70% of UK SMEs train their employees — a high proportion
> compared to most other EU countries.
> However we also have almost double the EU average who see no need for
> training. This is a matter of concern when the changing nature of work and
> technological development means that more and higher skills will continue to be
> needed in all sectors.
> SMEs in other EU countries have better skills in foreign languages than UK
> SMEs. This makes it likely that UK SMEs are missing out on opportunities to do
> business with more overseas customers and in new markets.

Stokes[75] charts the development of Innovation made by SMEs,

Period	No. of employees in firm				
	1-199	200-499	500-999	1000-9999	10000+
1965-1969	15.4	8.2	8.5	24.2	43.7
1970-1974	17.5	9.0	6.3	20.7	46.5
1975-1979	19.6	9.6	7.5	16.2	47.2
1980-1983	26.8	12.1	4.3	14.9	41.9

Source: Science Policy Research Unit

This chart shows that firms with under 200 employees, and those with under 500 employees

have significantly increased their share of innovations since 1975, at the expense of firms

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[73] D.J. Storey Understanding The Small Business Sector Routledge 1994
[74] The Contribution of the Smaller Business -web site 1999 www.dti.gov.uk/comp/benchmark/sects/3conti.htm
[75] David Stokes, Small Business Management, DP Publications. 1995

above 500 employees and particularly those with over 10,000 employees. This implies that small firms became relatively more efficient at innovating than their larger counterparts.

3.9.   Export

Storey[76] states that most small businesses do not export. However, those that do put themselves in a wider market, and therefore, they are more likely to be growing. Larger businesses are far more likely to export. Exporting adds another workload to the small businessperson, it involves extra paper work and documentation, and there is always the fear of non-payment. The contribution of smaller business web site[77] conforms this,

> The export record of UK SMEs is not as strong as that of our European neighbours. The UK is thirteenth in the EU in terms of the proportion of SMEs that export. This may partly reflect the UK s geographical position.

3.10.   Who are the entrepreneurs?

Rassan[78], states that leading entrepreneurs are different from the rest of the population he says.

> Such individuals have powerful personalities, many have failed in business before, have considerable personal drive, have a family background in business, are more likely to come from certain ethnic or cultural minorities, and are not team players

While the Contribution of Smaller Business web site[79] states

> Many of the UK s star performers — for example in IT, biotechnology and financial services — are SMEs. The productivity is well in excess of the UK average and ahead of their international counterparts. Much progress could be made if the UK had more such business.

Stokes[80] asks

> Is there a typical person who becomes a successful entrepreneur, an archetype on which we can base our judgements about someone s aptitude to entrepreneurship? Can anyone become a small business manager, or does it require a certain type of person to make it really work? If it does require certain attributes, are they innate or can we acquire them — in other words are successful entrepreneurs and owners born or made?

[76] D.J. Storey Understanding The Small Business Sector Routledge 1994
[77] The Contribution of the Smaller Business -web site 1999 www.dti.gov.uk/comp/benchmark/sects/3conti.htm
[78] Rassan C. [1988] Secrets of Success: what you can learn from British entrepreneurs, Sidgwick & Jackson, London.
[79] The Contribution of the Smaller Business -web site 1999 www.dti.gov.uk/comp/benchmark/sects/3conti.htm
[80] David Stokes, Small Business Management, DP Publications. 1995

Personal attributes are possibly more important than managerial or technical skills in starting a business. The Bank of England[81] states that it is generally acknowledged that people today more professionally manage small firms — with more business acumen —adding that businesses run by people with training in managerial skills are more likely to succeed.

A number of researchers [Boyatzis 1992,Caird 1992, Buchanan and Boddy 1992 cited in Bridges et al, Storey charts 18 different studies] have tried to identify what makes the successful entrepreneur and much has been documented. Only one thing is clear — no one can predict the successful business entrepreneur before the start up of the business, although some characteristics from these findings do appear to be dominant.

The average age of a founder is 35-40[Stokes[82]], so it is likely that these entrepreneurs will have previous business experience. However, Bridges et al[83] cite MacNabb who has suggested that

> Entrepreneur skills are acquired over time and consequently age has an impact
> on entrepreneurship. Many people aged thirty or less may not have sufficient
> organisational experience while those aged forty five or more may no longer
> posses the required energy .

Men are more likely to start a business than women, although the women that do are likely to be better educated [Storey]. This Storey attributes to the demographic changes in society, an older labour force, divorce and separation becoming more common and educational attainments rising. Education is considered an aid in communication skills, [e.g. customers and banks]. Women also play an important role in the background of many businesses, helping with accounts, secretarial work etc. They are often wives or partners and rarely is the work paid.

Work experience in the field: People who have worked for some time in a specific field and become disillusioned with their employers, consider that they can do it better and set up on their own. In the 1980s, entrepreneurs were pushed into this mode of thinking following redundancy. Many professional specialists have taken redundancy terms offered by their employees. These specialists then use the redundancy to set up as consultants often working

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[81] Finance for small firms A sixth report Bank of England January 1999

[82] David Stokes, Small Business Management, DP Publications. 1995
[83] Simon Bridge, Ken O Neill & Stan Cromie, Understanding Enterprise, Entrepreneurship & Small Business, Macmillan Business 1998

for their original employer on a self employed basis. This gives the larger company more

flexibility in times of recession as they reduce their employees and therefore regular out

goings, but also gives the ex-employee more flexibility to look elsewhere for further contracts.

This became very common practice in the 1980s and 1990s.

Family environment is believed to be a strong influence [Stokes, Storey, Bridges et al]- many

new entrepreneurs come from a background where self-employment is the normal way of life

and therefore are encouraged by parents into setting up their own enterprise. Bridges et al[84],

family composition and background and parental contribution will strongly influence

entrepreneurial decision making. They comment that in the UK individuals whose parents or

close relatives ran a business are more likely to have a business themselves. Bridges et al[85]

add *family businesses are significant because there are so many of them.*

By watching relatives in business, a person may build up a work ethic. This can often be seen

in the Asian community where families work together and can develop very successful

businesses.

McClelland cited by Bridges et al[86] and Stokes[87] looks at the attributes required by an

entrepreneur these include:

> *Driving force is needed for achievement. Parental influences are significant in*
> *the development of this need achievement personality. According to this study,*
> *entrepreneurs are likely to have parents who expect them to be self reliant at an*
> *early age, whilst remaining supportive and not rejecting their offspring. An*
> *entrepreneur s need for achievement manifests itself in a number of ways:*
> *• Risk taking*
> *• Confidence of success*
> *• Desire for independence*
> *• Energy in perusing goals*
> *• Measurement of success by wealth.*

Bridges et al[88] also suggest that entrepreneurs are moderate risk takers, they assess

situations thoroughly and do not pursue options that they consider to have a small

probability of success. They also cite Drucker who argues that successful

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[84] Simon Bridge, Ken O Neill & Stan Cromie, Understanding Enterprise, Entrepreneurship & Small Business, Macmillan Business 1998
[85] Simon Bridge, Ken O Neill & Stan Cromie, Understanding Enterprise, Entrepreneurship & Small Business, Macmillan Business 1998
[86] Simon Bridge, Ken O Neill & Stan Cromie, Understanding Enterprise, Entrepreneurship & Small Business, Macmillan Business 1998
[87] David Stokes, Small Business Management, DP Publications. 1995
[88] Simon Bridge, Ken O Neill & Stan Cromie, Understanding Enterprise, Entrepreneurship & Small Business, Macmillan Business 1998

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[87] David Stokes, Small Business Management, DP Publications. 1995
[88] Simon Bridge, Ken O Neill & Stan Cromie, Understanding Enterprise, Entrepreneurship & Small Business, Macmillan Business 1998

entrepreneurs try to define the risks they have to take and to minimise them as much

as possible. They search for opportunities, give them serious consideration and if

promising, capitalise on them. They also refer to an entrepreneur being able to control

events . Enterprising people in organisations may well become frustrated, and

consequently many frustrated individuals leave organisations and set up their own

ventures.

This is backed up by a number of the interviewees who started in employment, but

went on to set up their own enterprise. Bridges et al[89] comment:

> Enterprising people have a strong desire to go it alone. In interviews with
> enterprising people they constantly refer to a need to control their own lives.
> Phrases such as I want to be in control and what I do with my own life is my
> own doing are used regularly .

When asked why they wanted to start their own firm, aspiring entrepreneurs in one study
[Crombie cited by Bridges et al[90]] most frequently cited autonomy and the need to achieve, as
the most important factors in their decisions. They add,

> Enterprising people take bold steps and have a propensity to seek new
> opportunities. The search for newness can often lead to uncharted waters, and
> proactive people generally seize the openings that present themselves and
> outdo others.

They also cite J. B. Cunningham & H. Lischerom, Defining Entrepreneurship Journal of
Small Business Management 1991

> Studies of entrepreneurs indicate that many are highly ethical and socially
> responsible compared to the general population.

And they conclude that most studies identified three types of owner, typically labelled

craftsman , entrepreneur and professional manager .

There is a long history of immigrants starting their own enterprises. The Huguenots

merchants from France in the 17th century set up businesses in this country. Jewish settlers in

the 1930s set up their own enterprises and the Indian and Bangladeshi from the 1950s to

today. 22% of Indians and Bangladeshis who are employable are self-employed, compared to

the Anglo Saxon community where only 12% are self-employed [Storey[91]].

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[89] Simon Bridge, Ken O Neill & Stan Cromie, Understanding Enterprise, Entrepreneurship & Small Business,
Macmillan Business 1998
[90] Simon Bridge, Ken O Neill & Stan Cromie, Understanding Enterprise, Entrepreneurship & Small Business,
Macmillan Business 1998
[91] D.J. Storey Understanding The Small Business Sector Routledge 1994

A range of skills is required to run a business. If a number of people start the business together, the range of skills will be more diverse, which can aid faster growth. If a person has been self-employment before, he will have gained information from running a previous business and will have more to put into a new organisation. Business failure is often followed by a second business that succeeds. Many successful entrepreneurs have failed in business a number of times before they achieve success. Storey[92] comments: *One fact which is periodically asserted in business magazines is that highly successful entrepreneurs are individuals who have previously failed in business.* In the USA, prior business failure is considered an invaluable experience when starting a new enterprise.

Stokes[93] cites the *Desire for Independence as a trait which is prevalent among entrepreneurs and owner-managers alike.* Adding *the freedom to create their own futures* and *belief in their to control their own destiny can lead to a desire for the necessary independence to make it happen their way.*

In affluent regions, a new business is more likely to succeed, as there is more money to spend on new products [Storey[94]]. It is also easier for founders to raise money to start a new business. People who live in home owning areas have more access to wealth to use as collateral for a business loan.

Location is an important factor. Most small businesses have localised markets. Science parks were set up in the 1980s and by the 1990s became quite common. Built to encourage business development they were often opened near to Universities to encourage academics to experiment and develop ideas. The Location of the new business is another factor that can influence the success. There have been a number of studies analysing this factor and Storey[95] cites four studies from which he concludes that firms located in urban and remote rural areas of the United Kingdom are likely to grow least rapidly. Conversely, firms in accessible rural areas appear most likely to exhibit employment growth. However, this does not confirm the researchers own findings in the location of creative industries, which are at

[92] D.J. Storey Understanding The Small Business Sector Routledge 1994
[93] David Stokes, Small Business Management, DP Publications. 1995
[94] D.J. Storey Understanding The Small Business Sector Routledge 1994
[95] D.J. Storey Understanding The Small Business Sector Routledge 1994

their most prevalent in urban environments, but this will be discussed later. Some

entrepreneurs set up businesses in rural areas to achieve a better quality of life.

Enterprise policy is relevant to those looking to achieve development in urban areas with high

levels of deprivation. These areas have had a high input of government aid to encourage new

businesses to set up and employ local people.

In conclusion, there is no way of knowing whom the successful entrepreneur is before the

start up of the business.

Storey[96] concludes: *prior to start up, the identikit picture of the entrepreneur whose business*

is likely to grow is extremely fuzzy.

3.11. Employment

> *When a steel works closes or a large defence industry contractor shuts, it is
> the small business sector which is seen as the source of new employment
> opportunities for the redundant workforce. Former unskilled employees become
> self-employed taxi drivers, window cleaners and small garage employees.
> Draughtsmen, precision engineering fitters and computer specialists become self
> employed in their own trades. Where major job shedding takes place, the small
> business sector is seen to be the way in which the local economy can create its
> own employment by pulling itself up by it s own boot straps* . Storey[97]

He estimates that it takes a decade for small business to have an impact on employment.

Stokes[98] comments that *50s and 60s small businesses were written off as out of date but by*

the 70s and 80s they were hailed as the new saviours of ailing western economies.

The Chancellor of the Exchequer[99] in his budget speech in 1993 stated *Small businesses*

play a crucial role in our economy — they lead it. That has been demonstrated time and time

again .

Storey[100] has looked at a number of surveys and confirms a very small percentage of new

businesses actually go on to be the large employees of the future.

> *4% of those businesses which start today will, in ten years time, provide 50% of
> the employment in surviving firms.*

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[96] D.J. Storey Understanding The Small Business Sector Routledge 1994
[97] D.J. Storey Understanding The Small Business Sector Routledge 1994
[98] David Stokes, Small Business Management, DP Publications. 1995
[99] Norman Lamont, UK Chancellor of the Exchequer, Budget Speech March 3rd 1993
[100] D.J. Storey Understanding The Small Business Sector Routledge 1994

Adding

> Even in times of buoyant macroeconomic conditions, less than half of the small
> firms in the United Kingdom see growth of the firm, in terms of employment, as
> an objective.

The employment of staff is one of the biggest steps a new business can take. As well as

commitment by the employee, there is a commitment taken on by the employer —this is not

only financial. The organisation of PAYE is time consuming and expensive to administer, and

terms of employment must be agreed. The employer is now not only responsible for his own

livelihood but that of others.

There is a fundamental difference between employment in a small business, to that in a large

one.

 Working for a large company an employee is estimated to earn up to 30% more [Storey cites

Brown Hamilton and Medoff, 1990]. Working hours may be longer in the small business or on

a part time basis with no benefits [Storey cites Curran & Burrows 1988, and Storey, Watson &

Wynarczyk 1989 and Jones, McEvoy & Barnett 1994]. Larger companies offer fringe benefits

to their workers that are less likely to be offered in the small business. Bigger enterprises are

more likely to offer training to their employees and there are more possibilities of better job

opportunities within the company [Storey cites Brown Hamilton and Medoff, 1990]. Health and

safety issues may be overlooked by the small business where few workers are members of a

trade union [Storey[101]].

Storey[102] points out that small business are rarely members of such organisations as CBI

whereas large business are, some small firms may be members of trade association, but for

most this is not the case. It is therefore, these larger organisations that have an influence on

public policy. Storey[103] comments

> There is a risk that public Policy may be more strongly influenced by the
> majority members of lobby organisations, but only weakly influenced by growing
> small firms which have the largest economic impact.

Most small businesses require their employees to be fairly flexible and capable of carrying out

a variety of tasks rather than have one specific skill. Workers taken on by small businesses

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[101] D.J. Storey Understanding The Small Business Sector Routledge 1994
[102] D.J. Storey Understanding The Small Business Sector Routledge 1994

are less likely to have qualifications. Younger employees are popular because they are more flexible and cheaper. Non-employee workers are associated with small business i.e. home workers, out-workers and freelancers. It is estimated that as many as a third of small business use workers that are not on the books . This means that up to a third of the employed labour in small businesses can be described as in the margins of legality [Storey[104]]. For example, staff may be paid in cash that is not accounted for; this also puts the employer in a dangerous position if an accident should occur, as they would not be covered on any business insurance policy. Small business often relies on unpaid family involvement to help in busy periods - this is the researchers own experience and that of many of the interviewees.

However, there may be more job satisfaction in working for a smaller company, where everyone works together as a team, an employee is relied on more, and may be the only person able to undertake a task. Daily tasks may be far more varied in a small firm, as with few employees, each individual may be responsible for a number of tasks. It is also felt that many workers in small businesses are happier in the work environment and there is less chance of a dispute than in a larger company [Curran[105]].

However, if the business is to grow then the managers must learn to delegate. It is rare that one person can cover all the work and thus opportunities will be missed. Faster growing businesses are more likely to recruit managers externally from larger business where they have been trained. However, it may not even occur to the small businessperson that he needs training to be a manager. Managerial systems change as a company grows; a business of 1-10 employees is generally owner- managed. As the business grows to from 10-100, more managers need to be appointed or business opportunities may be missed, as one person would find it difficult to manage 100 people. The ability to develop a strong management team is part of the skill of the growing business. Those that do grow are more likely to bring managers in rather than recruit from the current staff.

The work of Atkinson and Meager [1994] cited in Storey[106], however, demonstrates that

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[103] D.J. Storey Understanding The Small Business Sector Routledge 1994
[104] D.J. Storey Understanding The Small Business Sector Routledge 1994
[105] D.J. Storey Understanding The Small Business Sector Routledge 1994
[106] D.J. Storey Understanding The Small Business Sector Routledge 1994

Managerial appointments — not simply supervisors or foremen- are made when firms reach a size of between ten and twenty workers. By the time a business has in excess of 100 employees, the owners of the business are starting to assemble significant teams of managers and have to develop responsibilities to those teams. It therefore seems very unlikely that a firm with more than 100 employees could be managed in a personal way . This size of firm would certainly need a formal management structure .

The small business will often use word of mouth to engage a new employee. As the business grows, the owner will use more professional methods of staff recruitment. For example: employment agencies, advertisements in trade papers. Recruitment procedure is more formal in businesses with more than 100 employees.

3.12. Small business / Large Business

There are few similarities between the small and the large enterprise and much has been written about the differences. Penrose, cited by Bridge et al and Storey[107], wrote in 1959

The difference in the administrative structure of the very small and the very large firms are so great that it is hard to see that the two species are of the same genus We cannot define a caterpillar and then use the same definition for a butterfly .

Bridge et al[108] comment:

The difference can be especially important for those who might wish to intervene in the field of small business by offering direct or indirect support. Failure to comprehend crucial aspects of small business behaviour, constraints and issues can often be the cause of much misunderstanding.

The most obvious difference is that in a small business one manager will organise the running of the business, buying, selling, financing, hiring and firing of staff and often be involved in the production of the output. In a large firm, each of these tasks will be managed, if not by one individual, then by a team. Bridge et al[109] comment,

The manager is all —powerful [in the small firm], while in the big firm the chief executive can be very powerful he still has to answer to a chairman and board .

[107] Simon Bridge, Ken O Neil & Stan Crombie. Understanding Enterprise, Entrepreneurship & Small Business. Macmillan Press1998
[108] Simon Bridge, Ken O Neil & Stan Crombie. Understanding Enterprise, Entrepreneurship & Small Business. Macmillan Press1998
[109] Simon Bridge, Ken O Neil & Stan Crombie. Understanding Enterprise, Entrepreneurship & Small Business. Macmillan Press1998

The outcome is that owner managers of small firms generally learn on-the-job the tasks required to run a business very quickly. Bridge et al[110] further comment on the owner manager of the small firm,

> The business systems employed are likely to be of their own devising, based on experience.

They further comment that money invested in the business may well be personal investment. Within a small firm, if there are employees they will usually be expected to undertake a number of roles, unlike the large firm whose employees will have a specific job title. Bridge et al cite Gibb who describe the small business as the Ego, of the owner, who can take criticism of the business personally; this needs to be understood by those offering advice to these businesses.

Bridges et al[111] also comment that the influence on the small and large firm also varies. Their shareholders can influence the large firm, while the small firms influence comes from the owners, or often the customers. Unions, public bodies and pressure groups can also influence big firms, while small firms are unlikely to be unionised or influenced by these factors. Bridge et al[112] make the observation that success for the small firm may be reaching a level of comfort rather than achieving the business s maximum potential as expected by big business. They conclude:

> Small business are not big businesses writ small, and concepts, theories and practices that apply to big businesses will not necessarily apply on a small scale to small ones. Neither are they all embryonic big businesses that, as caterpillars turn into butterflies, will eventually metamorphose into big business. Many of them will always remain small. Understanding small businesses therefore requires not only an understanding of business in general but also an insight into the ways of small ones.

3.13. Conclusion

SMEs have a major impact in the running of a country. They are of key importance to the countries development and, therefore, have been researched a great deal, particularly since the rise in their numbers from the early 1980s. Until the mid 1970s, small businesses where in decline and where not considered to be of much importance. However, in the 1980s when

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[110] Simon Bridge, Ken O Neil & Stan Crombie. Understanding Enterprise, Entrepreneurship & Small Business. Macmillan Press1998
[111] Simon Bridge, Ken O Neil & Stan Crombie. Understanding Enterprise, Entrepreneurship & Small Business. Macmillan Press1998
[112] Simon Bridge, Ken O Neil & Stan Crombie. Understanding Enterprise, Entrepreneurship & Small Business. Macmillan Press1998

unemployment was high, government incentives such as the Enterprise allowance scheme were introduced to encourage the unemployed into running their own enterprise.

There have been numerous ways of defining small businesses, but today, the most common is SME, which was introduced in the mid 1980s by the EU and is a standard description used across Europe today.

The number of SMEs in existence at any one time is difficult to calculate, as there is no formal register of these businesses in the UK. The most common measure of business numbers is taken from the VAT statistics. However, many small businesses do not register for VAT and as small businesses make up a large percentage of SMEs, there are many that may not be included in any calculations.

Although most new businesses do not grow, a few will be the important influential businesses of the future. As SMEs account for 61.5% employment and 99% of all businesses [DTI[113]], their impact on the economy and development of the country cannot be underestimated. It is for this reason that there is a huge interest in these enterprises.

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[113] UK statistics from DTI 1998 from DTI web Site for SME s [updated August 1999] www.dti.gov.uk/press.htm

4. The Designer/Maker Micro business

4.1. Introduction

This chapter will look at SMEs that design and produce a product in the art, design and craft

sector.

Rt. Hon Chris Smith MP Secretary of State for culture, Media and Sport [1998] comments:

> In the United Kingdom the Creative Industries generate an income
> approaching £60 billion a year. They contribute over 4% to the domestic
> economy The sector is growing faster than, almost twice as fast as, the
> economy as a whole. [114]

4.2. The significance of the designer business.
— The Philippe Starck Lemon Squeezer Effect [115]

> The Prime Minister has hailed the UK as "the design workshop of the world" and
> according to a survey by IDEO Europe for the Design Council, international
> purchasing managers ranked UK design capabilities within the top six worldwide
> across all design disciplines. The UK has an international reputation particularly
> in the areas of retail interior/exterior, branding, advertising, corporate identity,
> product design and multimedia. it was estimated that UK consultancies generate
> £1 billion in export earnings in 2000. our design education system is held in high
> regard internationally, reflected in the growth of overseas students (up 112%
> between 1994/95 and 1998/99). [116]

The importance of creative business has been strengthened by the government investment in

The Creative Industries Mapping Document first published in November 1998 — this

identified different areas of creativity, numbers of businesses, turnover and recognised their

importance in today s economy. The document was updated in 2001 when Chris Smith then

Secretary of State for Culture, Media and Sport wrote in his introduction:

> This Mapping Document demonstrates the continuing success of our creative
> industries. They are a real success story, and a key element in today's
> knowledge economy. All of this is, of course, founded on original creativity - the
> lifeblood of these industries. The most successful economies and societies in the
> twenty-first century will be creative ones. Creativity will make the difference - to
> businesses seeking a competitive edge, to societies looking for new ways to
> tackle issues and improve the quality of life. This offers the UK enormous
> opportunities. We have a well-deserved reputation for creativity; we can draw on
> both a strong historical base and vibrant contemporary developments. [117]

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[114] Source creative Mapping Document 1998,DTI Design Policy Unit Web site.
www.culture.gov.uk/creative/creative_industries.html
[115] Homes and Gardens magazine July 2001 article The Name of The Game Oliver Bennet
[116] www.dti.gov.uk
[117] www.culture.gov.uk/creative/creative_industries.html

The updated mapping document goes on to reinforce the creative industries importance in
the countries revenue, employment, and in exports:-

> The creative industries in the UK generate revenues of around £112.5 billion
> and employ some 1.3 million people. Exports contribute around £10.3 billion to
> the balance of trade, and the industries account for over 5% of GDP. In 1997-98,
> output grew by 16%, compared to under 6% for the economy as a whole. [118]

The mapping document includes the following disciplines under its remit: software design and

computer services, design, publishing, television, music, film and video, art and antiques,

advertising, architecture, interactive leisure software, designer fashion performing arts and

crafts.

On the DTI s Design Policy Unit home page the opening statement confirms that:

> Britain has always been at the forefront of innovation and creativity. Today
> more than ever before there is an awareness of the importance of design and its
> vast contribution to the growth and competitiveness of all British exports. [119]

It is evident from these statements that the creative industries are thriving in the UK today.

The development has been most rapid over the last twenty years:

> A lot can happen in twenty years . In the British design scene, the past two
> decades is a period in which designer-makers have risen from cult status to a
> new prominence at the heart of popular culture. [120]

- but designing and making a product is not new. People have always introduced new

products onto an open market. Initially a product may just be introduced as a functional item,

but artefacts collected from ancient ruins show design has always been considered important

— as Roman trade marks on pottery show.

> There has always been a creative element to economic endeavour. Creativity
> predates civilisation in the sense that the idea of community living had to be
> thought of first, and anyone who has been to St Sophia in Istanbul will
> acknowledge the creativity of architects 1,500 years ago. [121]

As the twentieth century developed with the introduction of new consumer products,

designers used their skills to make these products more visually pleasing. In the early part of

the twentieth century the Bauhaus School in Germany opened — this school had a great

influence on creative product design and development. The University of California web site

describes the development as follows:

[118] www.culture.gov.uk/creative/creative_industries.html
[119] www.dti.gov.uk
[120] David Redhead Space magazine for The Guardian January 25th 20001 Article Little Miracles

The Bauhaus was founded in 1919 by an architect named Walter Gropius. Gropius who came from the Werkbund movement which sought to integrate art and economics, and to add an element of engineering to art. The Werkbund movement was unable to achieve this integration, but the founding of the Bauhaus saw the solution that had previously been overlooked. The Bauhaus was founded by the combining of the Weimar Art Academy, and the Weimar Arts and Crafts School. Students at this new school were trained by both an artist and a master craftsman, realizing the desires of Gropius to make modern artists familiar with science and economics, began to unite creative imagination with a practical knowledge of craftsmanship, and thus to develop a new sense of functional design.

Importantly, it goes on to say that:

Everyone sitting on a chair with a tubular steel frame, using an adjustable reading lamp, or living in a house partly or entirely constructed from prefabricated elements is benefiting from a revolution in design largely brought about by the Bauhaus [sited by Whitford] [122]

The twentieth century saw a continual development in functional products that where visually pleasing. Exclusive and original design historically is expensive as it is time consuming to produce and is generally made by hand, often by the individual crafts people. However, entrepreneurs such as Terence Conran opened the design world to a larger British public when in 1964 he opened Habitat, a furniture retail outlet in London. His idea was to give a demanding public the ability to purchase designer furniture at affordable prices.

"Terence's career in retailing began in 1964 when he opened the first Habitat on Fulham Road. Habitat was the first shop to identify its products and its image as part of a wider ethos" [123]

Conran s influence on interior design and its availability to all in the UK is important. Not only did his shop sell furniture but well designed and affordable household items.

Outside the UK other entrepreneurs had a similar vision. For example, Invar Kamprad founder of IKEA, the Swedish furniture retailer produces innovative design at affordable prices.

IKEA [opened in 1943] originally sold pens, wallets, picture frames, table runners, watches, jewellery and nylon stockings whatever Ingvar found a need for that he could fill with a product at a reduced price [124]

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[121] Something will Come of nothing — book review. The Economist, June 23 2001
[122] http://people.ucsc.edu/gfbres/bauhaus/historyhtm
Whitford Frank — Bauhaus, Thames & Hudson 1984
[123] www.conran.com
[124] www.ikea.com

Today IKEA promotes their designers world wide along side their work in their catalogue, monthly magazine and in the retail outlets. The goods are very reasonably priced enabling them to be purchased by the masses as the furniture is self assembled and the products are produced in large quantities, however, the design of the goods is fundamental to the companies public image.

Worldwide there are many influential design companies — a good example is the Italian design company Alessi who employ a number of famous designers from around the world to produce their collections of household products such as kettles and bottle openers.

> The Alessi company was founded by Giovanni Alessi in 1921 at Omegna, a village on Lake Orta in the foothills of the Alps near Novara. Giovanni was a skilled lathe turner, the last of a long line of craftsmen from the nearby Valle Strona valley. During the nineteen-twenties and thirties, in his workshop copper, brass and nickel silver tableware and household objects were made with exquisite craft skill. Many of the different objects produced in this first period (like the nickel silver tea and coffee service from 1921, the nickel-coated brass flask holder from 1926 or the cheese tray in fine nickel silver and milk glass from 1929) have become part of the collective memory for generations of Italians. [125]

The Japanese company Muji have shops world wide, they have built their reputation since starting the company in 1980 selling simply designed goods such as diaries, pens household items at affordable prices with a distinctive no brand name image using inexpensive materials such as plastics, paper and cardboard and metals. Their concept is to produce- *lower priced for a reason* [126]

Individual designers have also built strong reputations as their work is becoming more accessible — the Frenchman Philippe Starck's work can be found world wide — not only in exclusive galleries and museums but in department stores and small design shops. He set up his first company in 1968 producing inflatable objects. In the 1970s he designed Paris night-clubs and in 1979 founded the "Starck Product" company. Starck has designed a number of many famous buildings and interiors world wide such as the private apartments in the Elys e Palace in Paris for President Mitterrand of France. He also designs furniture and products and his work can be seen in museums world wide [Brooklyn Museum- New York, The Musee des arts Decoratifs - Paris, Museum of Design London]. For museums to be

[125] www.alessi.com
[126] www.muji.co.jp

purchasing and exhibiting everyday designer objects confirms how important this field has become and also makes viewing the work more accessible to the masses.

In the UK Ron Arad is Professor of Product Design at The Royal College of Art. His work is also on view world wide, he started his own design business One off Ltd in 1981. He has designed for a number of high profile companies such as Alessi[127] Kartell[128] Vitra[129]. He has also designed some high profile interiors — the Tel Aviv Opera House is an example.

Another UK designer who has received much acclaim is Tom Dixon. In 1991 he founded his own studio 'space' developing 'creative recycling' designing products and interiors, particularly noted is his work for top fashion houses [Jean Paul Gaultier, Romeo Gigli, Ralph Lauren and Vivienne Westwood]. His work, too, can be viewed in museums as well as in the high street [Boston Museum of Fine Art, the London Design Museum, the Pompidou Centre in Paris, the MOMA in New York, the Museum of Modern Art in Tokyo, the Victoria & Albert Museum and the Vitra museum in Basle]. Today he is heading up the design team at Habitat the company started by Terrance Conran.

Stark, Arad and Dixon have been commissioned by high profile companies such as Alessi to create new and original products.

Brand names and designer names are more and more in demand. The general public are more aware of designers and where to find their work. Much of this is due to increased exposure on the television of programmes about interior design, garden design and an ever increasing designer magazine market. Magazines such as Elle decoration, Wallpaper[130], Homes & Gardens etc have expanded the general publics awareness of creative design and this has inevitably lead to an increase in demand for these products.

> This expansion in the industry is matched by an increasing consumer appetite
> for styling and design. There has been a rash of prime-time television
> programmes such as Changing Rooms and Ground Force dedicated to home
> and garden improvement. Even Wedgwood, a byword for staid conservatism,

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[127] www.alessi.com
[128] www.kartell.com
[129] www.vitra.com
[130] www.wallpaper.com

has just launched two new ceramics ranges by contemporary artists. Ford has announced plans to locate its advanced car-styling centre in Britain to take advantage of London s status as leading centre of design Aidan Walker[131]

Homes and Gardens monthly magazine includes a section in each issue about an up and coming designer in their Home News section, they give contact details as well as information on where the work can be viewed.

The way a product looks influences sales — everyday objects such as mobile phones, computers and household goods in particular are purchased on looks as well as function.

The creative industries are getting a lot of attention these days partly because they are growing faster than the word economy as a whole, and, more importantly, because of the creative element in a product or service may be one of the few ways of sustaining a competitive advantage, [132]

The Internet s use is growing daily — a Web search can be set up to find a designers name, information about them or where to buy their product. This project has relied heavily on the World Wide Web for information that prior to its existence would have taken far longer to uncover. This form of information gathering is still in its infancy, the general public will be using it more and more as the technology develops. Buying from the Internet will give access to designer goods worldwide.

The general public are demanding more designer brands and the high street has had to address this issue to compete. Marks and Spencer, a byword for excellence in the past have had some well publicised financial difficulties. To help solve their problems they have commissioned top designers to create new products to generate an original and more current look hoping to revitalise their flagging sales figures.

Other Department stores have also had to update their image to answer public demand. Designers have been employed to boost sales by introducing new ranges as part of the company portfolio. Debenhams, the High Street retailer, have commissioning designer such as Pierce Fionda the fashion design duo, to create exclusive ranges for their shops. Asda have their own George range. George Davies created the fashion chain Next, but his name never appeared on the goods. However, when he was ousted from Next , Asda where quick

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[131] Designer Economy, Economist October 28th 2000
[132] Something will come of Nothing , Review of The Creative Economy —John Howkins, Economist, June 23 2001

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[131] Designer Economy, Economist October 28th 2000
[132] Something will come of Nothing , Review of The Creative Economy —John Howkins, Economist, June 23 2001

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to employ him and credit him for his work. Other household names have also commissioned

top designers to update their image. These include such designers as Nick Munro[133] for

Wedgwood, John Rocha the fashion designer has designed an exclusive glass range for

Waterford Crystal. The public are more and more aware of the influence of designer goods. In

fashion, cheaper diffusion lines have been introduced by designers to reach a greater

audience. Examples include Prada s MuiMui range and Issey Miyake's Pleats Please ,

enabling more people to access designer goods.

> Customers are much more aware of fashion they are reading a lot more fashion
> magazines. [134]

In a current article for Homes and Gardens Magazine Oliver Bennett comments —

> A decade ago, Britons in search of contemporary designer home furnishings
> had few places to turn ..but that was before the great Interior design revolution;
> that great democratisation of British taste that has taken over since the 1980s.
> Now contemporary design is the feature of the high street: what one might call
> the Philippe Starck Lemon Squeezer Effect. [135]

It would be foolish to ignore this trend and the government and the DTI have put in place a

number of initiatives to help develop further the creative industries supporting new businesses

in this field in a number of ways — one of these is in financial assistance to travel abroad and

exhibit work at trade shows. These trade shows are also growing in number as keen

entrepreneurs who organise these shows, realise the need for new and creative design in

their country. In 2001 the DTI sponsored shows included

Brussels, Paris, Frankfurt, New York, Paris, Estancia, Venezuela, Matsuyama, Shikoku,

Kokura and Kyushu[136]

The growth of these designer orientated trade shows is further proof of the demand for

creativity worldwide. Investment in these businesses and their promotion is crucial if the UK

wishes to stay at the top of the designer market — it not only encourages customers worldwide

to look to the UK to buy goods but it also encourages talented students from the rest of the

world to come to the UK for their education and therefore further contribute to the growth of

the industry.

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[133] www.nickmunro.co.uk
[134] www.bbc//news.bbc.co.uk
[135] Homes and Gardens magazine July 2001 article The Name Of The Game Oliver Bennett
[136] www.dti.gov.uk

Britain now attracts more overseas students to its art and design colleges than to any other comparable institutions. The all-postgraduate RCA has 840 students, of whom 266 are from overseas; 182 are from Europe. [137]

4.3. Designer/Maker Businesses

The majority of these businesses fall under the category of Small business [a business with 49 or less employees], and in most cases under the Micro business category. Micro enterprises are businesses with 9 or less employees. A sole proprietor runs many of these businesses or a partnership of two, in this way the business has complete control over its output. Some designer/makers use outworkers or other designers in their own field to complete projects and others employ small teams to help with manufacture and sales. Few exceed 9 employees, which would change their status from micro to small business. From the 138 interviews and questionnaire with designer/makers undertaken by this project[138], only two respondents employ more than 9 staff. Another research project undertaken by the University of Central England called Destinations and Reflections Careers of British art, craft and design graduates finds that: *The majority [67%] of graduates work in SMEs and 26% work in organisations with 10 or fewer employees.* [139]

Although SMEs have been extensively researched, and their importance documented, there is little documentation of micro enterprises in the design or creative industry sector, as a separate entity. Small enterprises incorporate Micro enterprises in their classification. Information about small enterprises is all embracing and yet there is a major difference between a one-man business and a business employing 49 staff. More often that not, the two will have very different objectives. The information used for this chapter has primarily been sourced from Crafts Council publications and Graduate into Business , a project set up at Brighton University[140]. The information has also been backed up, where appropriate, with references from the interviews with designer/makers. The Crafts Council has sponsored a number of useful projects that have been helpful to the research. However, the Crafts Council have specific criteria

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[137] Designer Economy, Economist October 28th 2000

[138] Personal Interviews with designer makers. See appendix for interviews details.

[139] Destinations and Reflections Careers of British art, craft and design graduates University of Central England Centre for Research into quality.

[140] Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999

about what is and what is not a craft. To be eligible for a Crafts Council Setting up

grant,

> The council wishes to support craftspeople whose work consistently shows
> appropriate craft skills and originality of design.
> Craftspeople must exercise personal control over the making process and
> finished object. Applications are ineligible where all the work produced is
> samples or prototypes. Applications from those who decorate objects or use
> materials not produced by themselves will be considered but the object as a
> whole will be assessed.
> The Council is primarily concerned with makers working in the fields of
> bookbinding, lettering, & calligraphy, ceramics, glass, jewellery, furniture, musical
> instruments, metalwork, textiles, wood, leather and basketry, although those
> working in other materials may be eligible. [141]

The Craft Council criterion for work alienates some of the enterprises that are included in the

case studies - the most obvious is fashion. This anomaly has made this research difficult to

reference widely and much of the information is taken from the researchers own experience

and that of other designer/makers.

4.4. Micro Enterprises

Small businesses make up about 99% [DTI][142] of all businesses in the UK [this figure

incorporates Micro businesses]. The figure has remained stable over the past 4 years.

However, within the small category, micro enterprises have increased in number whilst the

stock of small and medium sized businesses has dropped. The Micro businesses have also

increased their turnover and staff.

> Business Environment, Small and medium sized manufacturing firms were
> expecting to shed labour in the last quarter of 1998, although there was still a
> small positive balance of micro manufacturers expecting to recruit [Bank of
> England[143]].

[141] Crafts Council Setting Up Scheme Application Form.
[142] UK statistics from DTI 1998 from DTI web Site for SME s [updated August 1999] www.dti.gov.uk/press.htm
[143] Finance For Small Firms A sixth Report Bank of England January 1999

Number of businesses %	Micro [0-9 employees]	Small 10-49 employees	Medium [50 —249 employees]	Large [250+ employees]
1994	94.37	4.63	0.91	0.09
1995	94.50	4.63	0.79	0.08
1996	94.70	4.43	0.78	0.09
1997	94.90	4.24	0.76	0.09
Employment %				
1994	28.17	15.92	19.38	36.54
1995	31.66	16.28	17.93	34.12
1996	30.58	15.27	17.78	36.37
1997	30.22	14.47	17.38	37.93
Turnover %				
1994	18.43	14.75	26.03	40.78
1995	20.67	16.89	24.99	37.45
1996	24.98	17.30	21.07	36.65
1997	23.05	16.41	22.22	38.32

Table 8 Breakdown of Business Classifications[144].

The character of the small firm has changed over the past two decades. There has been a sharp decline in the number of manufacturing industries and a rise in the service industry, [particularly in construction, business services, and wholesale retail].

Stokes[145] comments

> The vast majority of small firms operate in the service and construction sectors of the economy. One estimate is that 90% of UK firms employing less than 25 people are in services and construction.
> There has been a strong structural shift in the economy away from manufacturing based industries and towards services; chart below illustrates the movement between 1969 and 1987 in the UK when services expanded to account for 69% of GDP [Gross Domestic Product, a measure of the total outputs of an economy].

Year	Manufacturing	Private services and construction	Public services	Total services
1969	33%	45%	12%	57%
1987	23%	54%	15%	69%

Source: Annual Abstracts of statistics

In the following statistical chart, Small firms by sector , the majority of businesses in the art/ design and production sector, would be included in the category of other services [9.62%] . Some micro design and production businesses would appear in the wholesale, retail, repairs [14.23%] and some in the manufacturing [5.71%] category of small businesses.

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[144] UK statistics from DTI 1998 from DTI web Site for SME s [updated August 1999] www.dti.gov.uk/press.htm
[145] David Stokes, Small Business Management, DP Publications. 1995

Small firms [under 50 employees] by sector 1997

9.82% 5.91% 2.91%
6.01%
8.52%
19.14%
1.40%
5.71%
22.55%
4.01%
14.23%

Health / social worker
Education
Business services
Financial intermediation
Transport/ Communication
Hotels /Restaurants
Wholesale / Retail / Repairs
Construction
Manufactoring
Agriculture
Other services
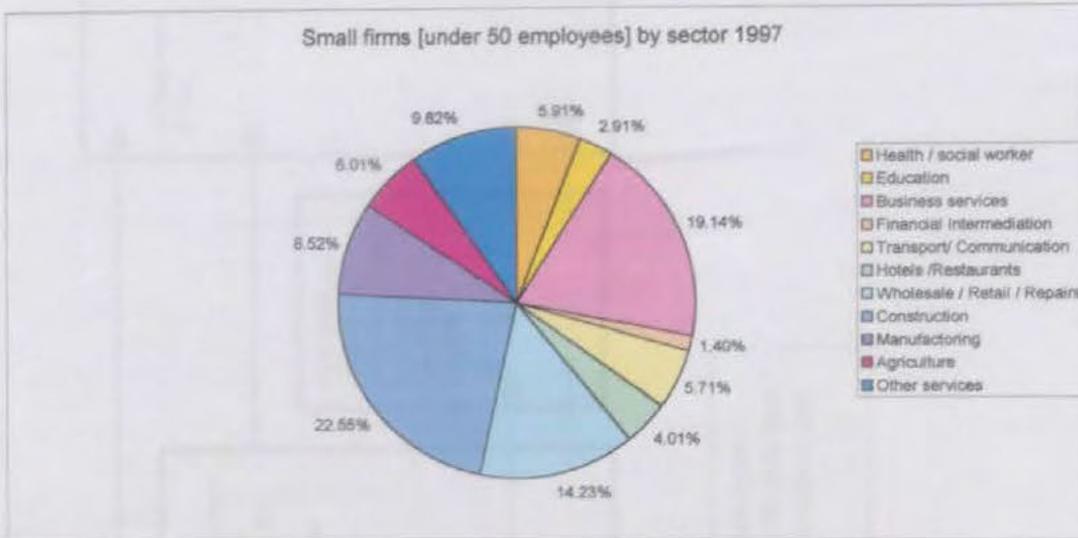
Chart 1 Small firms [under 50 employees] by sector 1997[1]

1.1.   The Artist/ Designer – Education and Background

The majority of artists/ designers start their careers following an art school education and qualifications

include: - BA- Bachelor of Arts, ND- National and HND- Higher National Diplomas, HNC- Higher

Nation Certificate, GNVQs- General National Vocational Qualification, City & Guild.

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[146] UK statistics from DTI 1998 from DTI web Site for SME's [updated August 1999] www.dti.gov.uk/press.htm

Chart 8 Education Routes for the Artist Designer.[147] ✕

Secondary school

GNVQ
GCSE
SQA National
certificate
Modules*

BTEC First Diploma
SQA National
Certificate Modules*

Intermediate GNVQ

Foundation GNVQ

BTEC/SQA*
National Diploma
16+

A/AS Levels;
Advanced GNVQ
Vocational A
Level*
GCE Higher and
Advanced
Higher*

BTEC Foundation
Diploma (plus other
one year Art and
Design Foundations)
18+

Adult Access 21+

Higher Education
BTEC/SQA
HND* Bed, BA
and BSc
Degrees 18+

Post-graduate
studies
(including Post-
Graduate
Certificate in
Education)

Employment
NVQs

Main routes to degrees and HND

Alternative Routes

* Although Scottish qualification have been
included in this chart, it is important to note that
these are different to English qualifications and
not directly comparable.

[147] Your Creative Future, Design Council 2000 [adapted from]

For the art and design student the most common route into higher education is through a foundation art and design course. This course is usually studied after the student has taken GCSE and sometimes 'A' levels. The duration of the course is for one or two years and concentrates the students energies on all areas of study within the art and design curriculum.

This serves three purposes —

1. To find the strengths of the student and therefore the future direction

2. To induct the student to all the different areas encompassed within the Art & Design title, [thus widening the student horizons]

3. To develop the skills of the student

Having completed the foundation course, the student must choose their specialist direction. Every art school offers a different curriculum- some may specialise in one area of a subject while another college teaching the same subject, can have a totally different agenda.

There are about 750 colleges in England and Wales [Crafts Council[148]] that offer Craft modules as part of their courses [this changes annually as colleges are added] for students who have chosen to study art and design. Although each college offers its own carefully designed curriculum, the majority of courses fit into the following disciplines: Fine Art, Graphic Art, Photography and Three Dimensional Design.

Within these basic disciplines, students can study the following: -

Main subject	Subsidiaries
Architecture	Architectural design Architectural studies Architectural technology Interior Architecture International architecture
Art	Classical art Environmental art Time based art Applied arts Community arts Arts therapies Software systems for the arts
Calligraphy	
Ceramics	Ceramic design Ceramic Technology
Clothing studies	
Costume design	
Craft	
Creative arts	Product Design

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[148] The Crafts and the Economy Crafts Council 1995

Decorative Arts	
Digital Arts	
Embroidery	
Fashion	Fashion studies Accessories Business of fashion Contour fashion Fashion communications European fashion Fashion design Fashion Technology Fashion design pattern cutting Fashion illustration Fashion imaging Fashion management / production Fashion marketing Fashion product development Fashion promotions Fashion styling Men swear design Sports and leisurewear design Woman s wear design
Fine Art	Instillation art Graphic fine art Critical fine art practice Fine art in context Fine art as social practise Painting
Furniture design	Furniture making manufacture
Glass	Architectural glass Glass design
Graphics	Broadcasting graphics Computer graphics Electronic graphics Graphic art Graphic communication Graphic media studies History of graphic media Information graphics Multimedia graphics
Illustration	Editorial illustration Information illustration Illustration for children s publishing Medical illustration Natural history wildlife illustration Scientific illustration Technical illustration
Interactive media arts	Design for interactive media Interactive multimedia
Interior design	Interior Textile design
Jewellery Design	
Knitwear design	
Media Studies	Creative multimedia Media Arts Media design Model making media Multimedia art and design Multimedia mixed media arts Multi media mixed media design
Metal work metals design	
Modelling	Figurative sculpture and modelling Model design
Photography	Documentary photography Editorial photography European Photography Fine art photography Photographic communication Photojournalism Wildlife photography
Printmaking	

Product Design	Computer aided product design
	Creative product design
	Industrial product design
	Integrated product design
	Product design management
	Product design visualisation
	Virtual product design technology
Product development	
Public Art	
Sculpture	
Set Design Theatrical	
Silversmith	
Spatial design	
Surface pattern design	
Tailoring	
Technology	Creative technology
Textiles	Knitwear
	Constructed textiles
	Multimedia textiles
	Printed Textiles
	Textile design
	Textile furnishing design
	Woven textiles
Visual Arts	Electronic Visual Arts
	Time based Arts
	Visual Information design
	Visual merchandising

Table 9 Subjects available to the student in higher education.
Source: UCAS, The Hand book[149]

Within these subject areas there are further sub divisions of study e.g. — a fashion course, for example, may not just concentrate the students development in fashion design but include- pattern cutting, technology, photography, journalism, promotions, business, textiles, public relations, CAD and CAM. Many of the disciplines overlap, e.g. a photography student may specialise in architectural photography or fashion photography.

Courses are regularly added or redesigned so that tomorrow s graduates will be able to find work that is relevant to the market place. For example, the Fashion Business has seen huge developments in computer aided design and manufacture, as well as presentation of design work. This has led to colleges adding Fashion Technology courses, which specialise in CAD CAM syllabuses for the Fashion Business. In most disciplines computer aided design and manufacture [CAD, CAM] has changed the way industries work and art schools must address the need, students graduating will require these abilities.

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[149] UCAS The Handbook 2000 entry

Higher education courses train the student in their chosen subject, most courses are between two and four year duration. Whilst studying, many students are encouraged to undertake work experience and this enables them to relate the work they are doing at college to the industry they will soon be entering. Another benefit from work placements can be employment as the company can see the abilities of an individual before any formal contracts are made. It is the researchers experience as a lecturer that in the fashion business, more and more first destinations are made following industrial placements. Reflections and Destinations also confirms this:

> A substantial majority of those who had undertaken placement of any length
> [70%] found them both useful and important. — The longer the placement the
> more useful and important respondents considered it to be.

Adding:

> Significantly more graduates with work experience have operated their own
> business since graduating than other graduates.
> Those with relevant work experience are less likely to have been unemployed
> and seeking work at any point since graduating than other graduates. [150]

The majority of students following graduation look for employment and depending on the discipline that they have followed the success rates of finding a job vary. The fine-artist will find it very difficult to gain employment, and many will carry on their own creative work as self-employed artists, perhaps teaching to supplement their income. *Those who stick to fine arts still run a risk of starving in a garret.* [151] Many artists are forced to find work that is unrelated to their specialist direction [see chart 8 & 9]. Other disciplines are more commercially orientated and career prospects are encouraging. The fashion designer, for example, has a far better chance of seeking employment as this is a far more commercial skill, which can be used in a variety of fields, pattern cutting, designing — assistant to a designer or pattern cutter, buyer etc.

> Only 20%of art and design graduates are involved in work that is not related to
> art and design. - Few other disciplines are likely to match this. Immediately after
> graduation, the proportion doing non-art-and-design-related work is somewhat
> higher but this is often to get a foot in the labour market and to support
> themselves while developing a portfolio, or doing voluntary work designed to
> help them improve their contacts, gain experience or improve their job
> prospects. [152]

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[150] Destinations and Reflections, Careers of British art, craft and design graduates. Centre for Research into Quality University of Central England in Birmingham.
[151] The Economist Oct 28th 2000 Article Designer Economy
[152] Destinations and Reflections Careers of British art, craft and design graduates. Centre for Research into Quality University of Central England in Birmingham.

4.6. Employment Following an Education in Art & Design

2.2% of all UK graduates enter self-employment on graduating, whereas the figure for the art and design graduates is between five to ten times higher than the national average [HESA[153]].

A report published annually by HESA, [Higher Education Statistics Agency] reviews the first destinations of all UK graduates. In the education year 1997/1998, the report reviewed the destinations of 269,469 graduating students [83% of the possible 324,184 graduates] from postgraduate, degree and other undergraduate courses.

Some of the Key Points of the 1999 report were:

- Of the 269,469 former graduates whose destination was known, 63% [170,839] reported their first destination as employment in 1998, compared with 62% in 1997. [The report includes self-employment in these statistics.]
- 5% of qualifiers in 1998 were assumed unemployed, compared to 6% in 1997.
- First degree qualifies in medicine & dentistry at 91% and veterinary science at 92% were most likely, and qualifiers in law at 30% least likely, to have entered UK employment.[154]

[153] First Destination of Student Leaving Higher Education Institutions. 1997/98
[154] First Destination of Student Leaving Higher Education Institutions. 1997/98
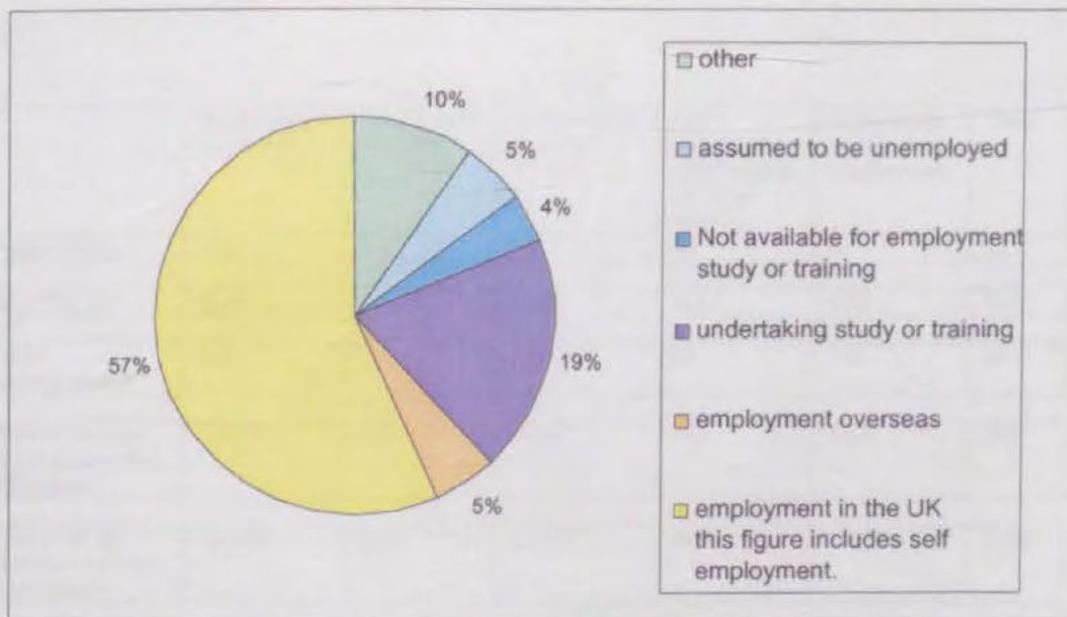
Chart 9 All Qualifiers by First Destination 1997/98[155]

Unemployment rates of art and design students.

> Unemployment rates varied from 9% of qualifiers in creative arts & design [the fourth largest group of first degree qualifiers] to 3% of medicine & dentistry qualifiers [HESA[156]].

[155] First Destinations of Student Leaving Higher Education institutions. 1997/98
[156] First Destinations of Student Leaving Higher Education institutions. 1997/98

	Employment in the UK	Employment overseas	Undertaking study or training	Not available for employment, study or training	Assumed to be unemployed	Other	Total
Postgraduate	572	34	82	30	51	22	791
First Degree	9062	254	2160	636	1281	488	13881
Other Undergraduate	545	5	686	43	118	20	1417
Total of creative arts & design first destination	10179	293	2928	709	1450	530	16089
Total of all UK Qualifiers by First Destination	152877	5876	43536	9423	11901	2583	226196

Table 10 UK Domiciled Qualifiers by First Destination, Level of qualification in Creative arts & Design[157]

	Employment in the UK											
	Paid Employment								Self Employed	Unpaid employment	Employment Overseas	Total employment [includes all unknowns]
	Full Time				Part Time							
	Terminates in period up to 31st March 99	Terminates between 1 April & 30 Sept 99	Terminate after 30 September 1999 / Not Fixed	Not Known	Terminates in period up to 31st March 99	Terminates between 1 April & 30 Sept 99	Terminate after 30 September 1999 / Not Fixed	Not Known				
Post graduate												
Female	549	1706	10010	1123	153	317	529	228	242	106	554	16021
Male	364	797	8717	969	77	126	273	117	300	78	887	12990
First Degree												
Female	4808	6199	38386	4773	773	687	3496	1037	1292	989	2386	65341
Male	3361	3788	35826	4105	374	297	1727	623	1525	494	1952	54200
Other Undergraduate												
Female	174	142	5091	416	37	37	376	78	69	32	40	6815
Male	106	108	2366	305	18	19	155	42	122	22	57	3386
Total	9362	12740	100396	11691	1432	1483	6619	2125	3550	1721	5857	158753

Table 11 All UK domiciled Qualifications Entering Employment by Level of Qualification, Gender, Employment Category, Mode of Employment and Duration of Employment 1997/98[158]

[157] First Destinations of Student Leaving Higher Education institutions. 1997/98
[158] First Destinations of Student Leaving Higher Education institutions. 1997/98

The chart First Destinations of UK Domiciled Qualifiers by level of qualification shows that 11901 5.2% of all graduates [this figure includes art and design] were unemployed while 9% of art and design [1450] graduates registered as unemployed, almost double the average.

The total number of student whose first destination is documented as self-employed is 3550, 2.2% of the total of graduating students [158753] in 1997/98 [taken from the above chart].

The HESA[159] report has no breakdown for the percentage of Art & Design students entering self-employment. As the HESA report does not breakdown the figures by course, it is impossible to estimate the percentages of art and design students in these institutions. However, by selecting colleges where Art & Design is the sole study, and reviewing the data, we see a much higher percentage [16%] of students choosing self-employment as their first destination compared with the general trend. It is clear, therefore, that self-employment it is a more popular route for students graduating in Art and Design than in other subjects. The Royal College of Art documents that 35% of the graduating students are entering self-employment.

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[159] First Destinations of Student Leaving Higher Education institutions. 1997/98

Art and Design Institutions in UK	Full Time				Part Time				Self Employed	Unpaid Employment	Employed Overseas	Total Employed
	Terminates in period up to 31st March 99	Terminates between 1 April & 30 Sept 99	Terminate after 30 September 1999 / Not Fixed	Not Known	Terminates in period up to 31st March 99	Terminates between 1 April & 30 Sept 99	Terminate after 30 September 1999 / Not Fixed	Not Known				
Cumbria College of Art & Design	7	3	28	19	2	3	9	4	11	1	0	94
Darlington College of Art	4	2	14	1	0	1	3	0	2	0	0	27
Falmouth College of Art	6	3	44	11	5	1	7	5	7	3	8	108
Goldsmiths	50	42	282	9	16	7	42	3	44	13	24	534
Kent Institute of Art & Design	1	11	33	8	0	0	13	0	12	0	33	122
The London Institute	13	21	306	19	3	1	72	5	128	6	25	604
Loughborough College of Art & Design	2	0	63	1	0	0	7	2	41	0	8	125
Norwich School of Art & Design	3	3	40	2	0	2	6	0	10	0	3	63
The Surrey Institute of Art & Design	32	7	136	19	4	3	24	2	39	10	11	369
Wimbledon School of Art	2	0	8	3	1	1	3	2	21	0	0	48
Postgraduate												
The London Institute	0	2	38	0	1	0	3	0	21	0	5	71
Royal College of Art	2	6	27	4	6	8	8	3	54	1	29	153
Total -	122	100	1019	96	38	27	197	26	390	34	146	2318

Table 12 First Destination of students from Art & Design Colleges.[160]

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[160] First Destinations of Student Leaving Higher Education institutions. 1997/98

Designers in all areas will carry on researching and developing skills throughout their working lives and there is never a point when a designer stops learning. Styles and tastes change over time and it is the artist/ designers job to keep up with, and be aware of these changes, if not to lead them. The fashion business, for example, changes at least 2 times a year [winter and summer collections]. Many high street companies change far more regularly [some have ever changing collections GAP, Top Shop etc]. The furniture designer or architect will not have to create new ideas as regularly as the fashion designer, but will still develop and evolve over a period.

The government Creative Industries Mapping Document of 1998[161] states

> Designers have developed highly valuable skills, such as customer
> understanding, creative brainstorming and scenario planning, that are outside
> the traditional production-focussed design skills As a result, design consultancy
> businesses are increasingly migrating to broader consultancy work.

New technologies within all the art/design disciplines have changed the way many artist/designers work. Computer aided design [CAD] and Computer aided Manufacture [CAM] are common in most art and design disciplines. New CAD software has revolutionised many designers work and keeping up to date with these technologies is almost a career in its own right. Designing software packages that are used by the designer to aid their development and presentation of their work has added another discipline to the designers portfolio. In the Fashion business there are a variety of software packages[162] that the designer can use to: - design, visualise the garment on the body, present the design, develop print and logo ideas, visualise prints on a garment, cut the pattern, layout the pattern for cutting, grade the pattern for different sizes, assess fabric requirements. These systems are designed by those working in the industry to reduce the cost of production in time and manpower. In the fashion industry as with many other industries, the manufacturing plants are often built in third world countries. However, the design development work often remains in the home country and information is sent electronically. This information is downloaded to CA manufacturing systems on the other side of the world.

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[161] The Creative Industries Mapping Document 1998 Section: Design
www.culture.gov.uk/creative/creative_industries.htm I
[162] Gerber, Lectra, Investronica are all multi CAD CAM systems design specifically for the fashion business.

There are artists and designers without further education qualifications, they may have developed a hobby or just had an idea and started their own business [personal interviews with designer/makers [163]]. Others may have gone to work for a design company as an apprentice and built up knowledge of their subject area while at work, even moving from company to company to develop their expertise. The government have recently injected £180 million into the Modern Apprenticeships scheme. On this scheme apprentices can work towards a number of qualifications such as GNVQ, but the age limit to join the scheme is 19. However, apprenticeship or work experience is becoming more popular. In an article from the Guardian[164] confirming its growth and popularity, a young apprentice Jacqui is referenced, she had no experience before being taken on as an apprentice by an Interior design agency — she comments that they taught her everything, this is obviously a very valuable way of knowledge building.

4.7. A career as an Artist/ Designer

Following graduation, the career prospects of the artist designer are very varied. Companies following successful graduation shows recruit many artist/designers. The careers are even more varied than the college courses and many designers graduate unsure of their career options and it is only after working that many designers realise their career direction.

Design consultants embrace many of the different art and design disciplines. The client, to design maybe clothes, product, advert or a slogan, gives the design consultant a brief. The brief will of course be far more defined — the widget may have to be made of a specific substance, it may be required to be visually desirable, perhaps it must be eco-friendly, each project will be original in request as well as design solution.

The consultants job is to design the article and to decide how and with what it can be made and at what cost. These designers push through new barriers of technology to get a design produced, using new materials and working out new and original ways of producing a product.

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[163] Interviews with Ian at Creations Bishop Stortford, Howard Robinson Artist Kate Stirling Milliner appendix pg.16, 76, & 32
[164] The Guardian, June 9th 2001

However, the production of the article will be produced by the client and not by the

consultancy. The Creative Industries Mapping Document[165] states that:

> Design consultancies employ some 20,000 people. In addition, a further 3,000
> people registered as designers work as sole traders or within non-specific
> organisations. The number of people in support of design and product
> development within British Industry has been estimated by the Design Council as
> 173,000.
> There are about 3,000 design consultancies firms in the UK. The industry s value
> is heavily concentrated in the largest firms: the FCO estimate that the 100 largest
> consultancies account for around 75% of the industry s turnover.

% of all Consultancies offering services
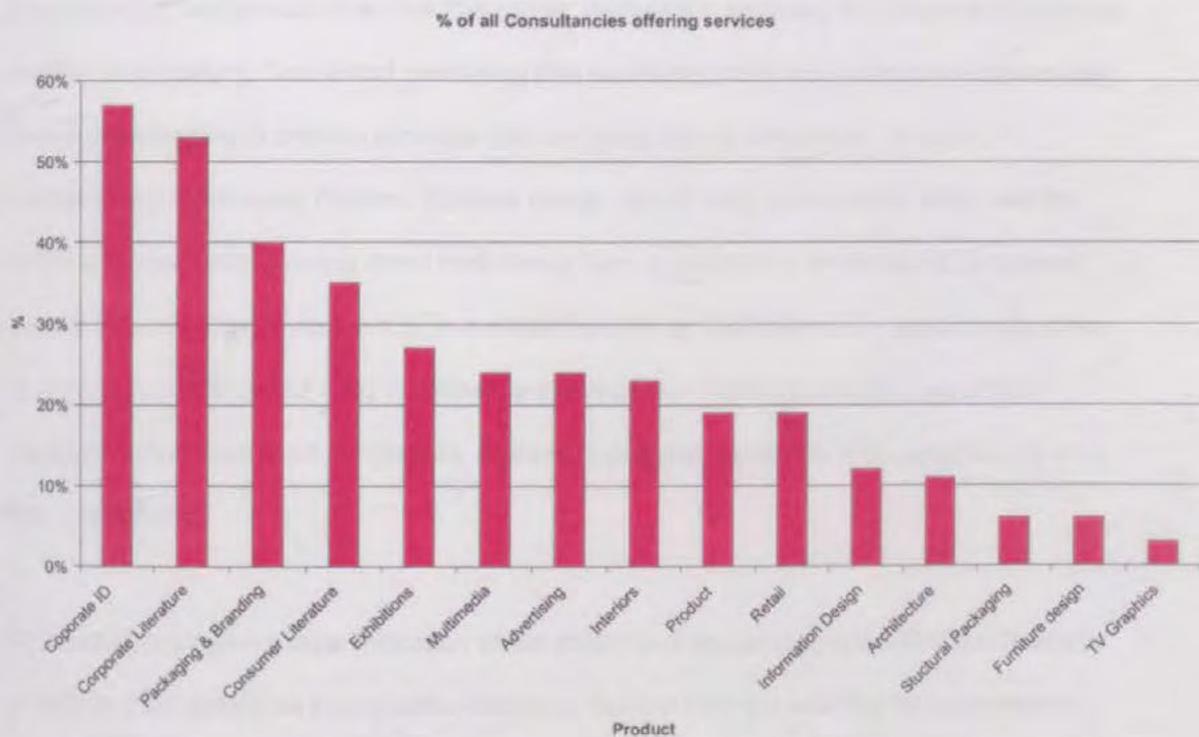
Chart 10 % of all Consultancies Offering Services in different fields.[166]

Design week[167], a weekly magazine, publishes an annual survey of the top 100 UK Design

Consultancy Firms, the survey appears every year in late March. The top company is that

with the highest total fee income for the previous year. The survey also shows company

income and which discipline the consultancies work in, many of the consultancies cover a

variety of disciplines. The magazine groups these disciplines into eight categories, these are:

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[165] The Creative Industries Mapping Document 1998 Section: Design
www.culture.gov.uk/creative/creative_industries.html
[166] The Creative Industries Mapping Document 1998 Section: Design
www.culture.gov.uk/creative/creative_industries.html
[167] Design Week [magazine] March 1999

Interiors, Exhibition, Branding and Packaging, Print, Corporate Identity, Product, Multimedia, and Other .

The most common discipline over the 100 consultancies is corporate identity , followed by print design .

The magazine also has awards for the best designs within different categories. These are: Furniture design, Exhibition design, Restaurants and Bars, Retail Environments, Workplace Environments, Multimedia Graphics [the winner designed a website], TV Graphics [Christmas on BBC1 campaign], Own-brand packaging [the packaging for a men s aromatherapy range], Branded packaging [a camera package that can hang from a shop hook, for easy presentation], Calendars, Posters, Editorial design. Direct Mail, [a postcard, which was for keeping in touch with existing direct mail clients for a specific firm], Promotional Brochures, Annual Reports, Corporate Identity, Industrial Products [a JCB tele-truck - forklift truck, other designs included a dental x-ray machine], and Consumer Products [the designs in this category varied from sport sunglasses, swimmers goggles, ceramics, a mountaineering boot, and a telephone].

All these awards give a clear indication of the diversity of the design consultancies. Students at college may specialise in a specific discipline, but find they are working for a consultancy that covers many other disciplines.

4.8.   New Business Start Up in the Art & Design Sector

The entrepreneur may start new businesses within the art and design field in a number of ways and with different intentions/ideas of success. Many students graduate with the sole purpose of working for themselves- they can keep their own individuality and develop their work in their own time. Others, and probably the most common entrance into self-employment, is to initially work within their discipline, develop their skills until they feel confident to go it alone . Some may never have intended to run their own enterprise, but while working for a company gradually become disillusioned with working for someone else. This can be for a number of reasons e.g. bad management, unable to develop their own style, disagreement about fundamental design ideas. If the new entrepreneur has worked for a

small company, they will have a basic knowledge of how to run a business having had first hand experience. If, however, they have worked for a large company that has been developed over many years, where investment in design development may have been high, working for oneself can be very different scenario. As already stated in chapter one, unemployment can lead to self-employment if there is little chance of finding employment. In the early 80 s when unemployment was high and steadily rising, many unemployed graduates were encouraged to take this route by government incentives such as the Enterprise Allowance Scheme.

4.9. Who runs these businesses?

Graduate into Business [GIB]— rethink business start up, is a project devised by Linda Ball at Brighton University. Ball has looked at a variety of micro art and design businesses and the purpose of her study is to develop the higher education curriculum to increase graduate awareness of the issues involved in small business start up . The majority of the research for the project was undertaken in 1998-1999. She has documented the problems involved and her research points to further and more realistic pre graduation projects to help students wishing to start a business.

It must be appreciated that GIB has been undertaken mainly in the Brighton area, a place long associated with arts and crafts.

The following is a summary of the GIB document: -

The Characteristics of design and crafts graduates and their businesses

A postal survey of 250 design and craft micro businesses in the region [Brighton] produced a 33% response rate with 82 questionnaires returned.

- *The majority were sole traders or partnerships 78% describing themselves as designer makers, involving both design and production, usually producing high quality one-off products and bespoke work tailored to a clients needs.*
- *The largest numbers were working in ceramics and textiles/ fashion, with illustration, jewellery and furniture the next most popular activities. Other disciplines included multi-media, graphic design, glass, and costume, metal and wood. There were 9 artist/ sculptors.*
- *They exhibit strong lifestyle values and a tendency to become static businesses rather than grow, because of an unwillingness to compromise values.*
- *They place a high value on innovation and development, which are integral to their practice.*
- *They are close to their customers, often working to individual customer requirements.*

- The majority of owners [73%] were educated to degree level or above and for half the respondents, this was their most recent educational experience. 20% of respondents had completed postgraduate courses.
- Nearly one third received some kind of business training at university, whilst 23% of respondents attended seminars at Enterprises Agencies, Crafts Council [for recipients of Setting Up Grants] and Shell Livewire were the other main providers.
- Portfolio style working was evident with over half the respondents engaging in other work of different kinds.
- Business evolved from low cost start up with 85% working from home or sharing studio premises.
- The survey revealed organic growth patterns relying on building networks and contracts.
- These kinds of business are sustainable and viable as life long activities with a high success rate, with almost half in business more than 10 years.
- Family, friends and personal funds provide the majority of respondents with the finance they needed to start their businesses. Banks and Crafts Council setting up Grants were the next most frequently used sources, followed by the Regional Arts Boards which offer small accounts. The Prince s Youth Business Trust was not one of the prime funders, but these loans are seen as a last resort.
- Control over creativity, the need for creative expression and independence were the strongest motivation factors for starting up. Financial considerations rated very low.
- Although respondents appeared to have the personal qualities, skills and entrepreneurial aptitudes for starting their business and some professional skills, there was a distinct lack of business knowledge and understanding.

Source GIB[168]

The Graduate into Business project gives a very strong description of the type of businesses in the designer/maker sector, the project also published a number of charts that help paint a picture of the type of individual likely to set up such a business.
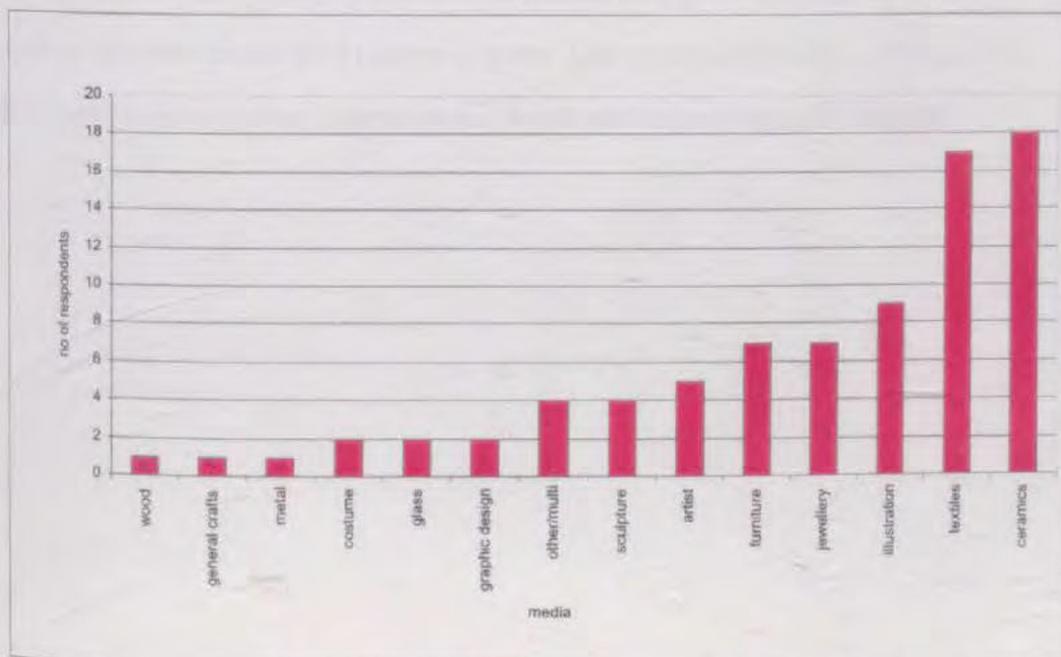
Chart 11 GIB Distribution of media design activities.[169]

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[168] Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999

Of the businesses included in the GIB project Chart 10 gives a breakdown of the media that the businesses where involved in. These were wood, general crafts, metal, costume, glass, graphic design, other multimedia, sculpture, artist, furniture, jewellery, illustration, textiles and ceramics.

Chart 12 GIB Length of Time in Business[170]

Chart 11 shows the majority of respondents [almost half] to the GIB project], had been running their businesses for a number of years. This would confirm that running such a business can be a lifelong experience and that these businesses are sustainable.

[169] Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999
[170] Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999
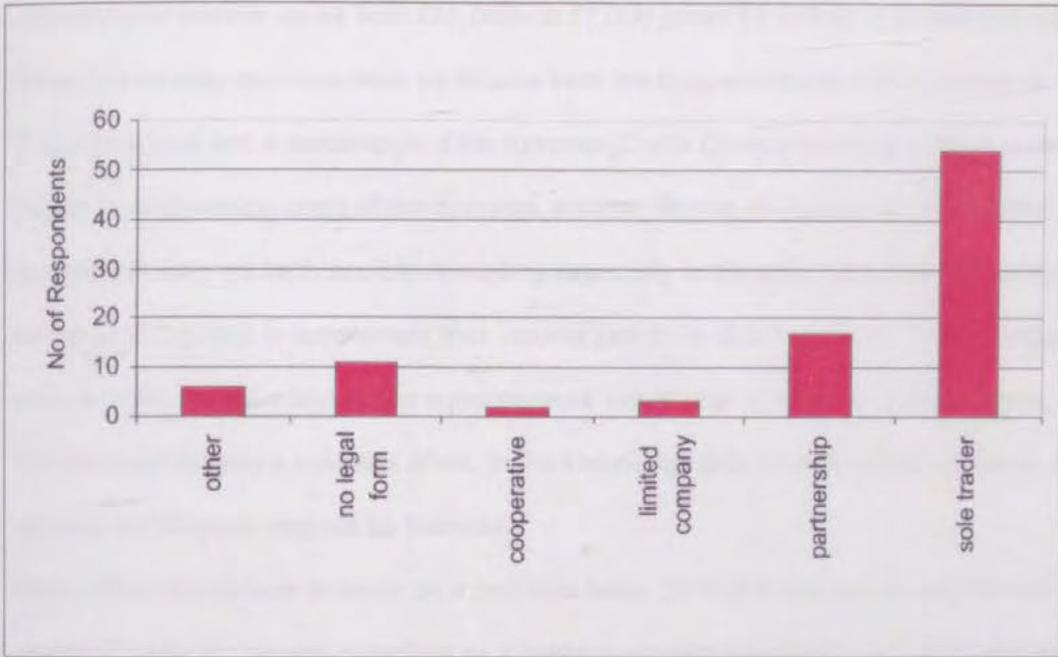
Chart 13 GIB Legal Form of Business[171]

Chart 12 shows that the majority are sole traders, although a small number are also partnerships. No legal form may imply that the business is being run while the owner is also employed and the incomes not registered.
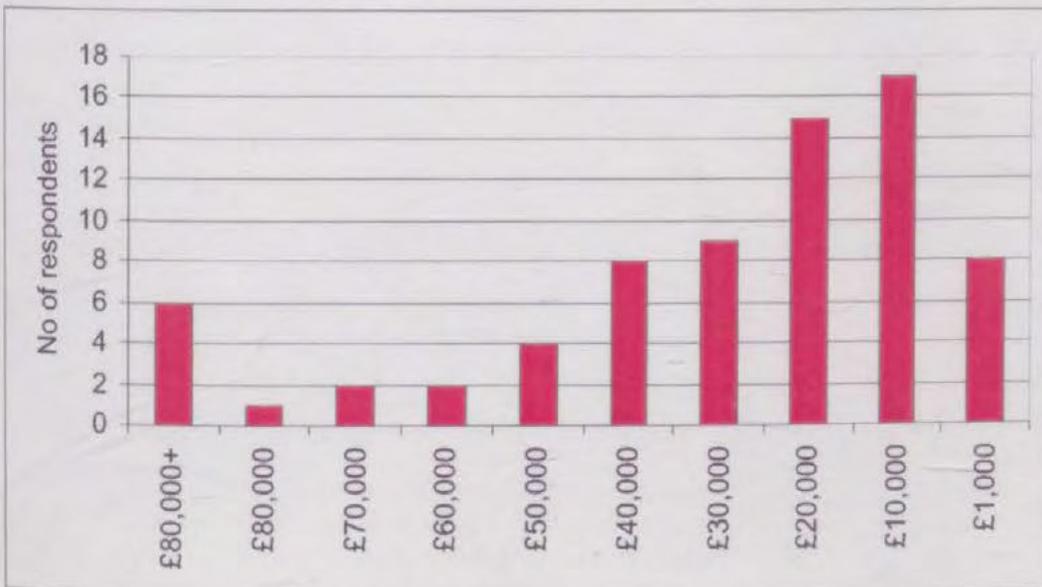
Chart 14 Current Annual Turnovers[172]

The Craft Council estimated in 1995 the average turnover of a craft worker to be £27,000[173], which would give an average income of about £21.600 [80%][Crafts Council]. While GIBs

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[171] Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999

respondents' income varies from £80,000+ to £1,000 [chart 13 above]. It is clear that some of these businesses cannot survive on income from the business alone. If the turnover is £10,000 or less and a percentage of the turnover [Crafts Council estimate 20%] is covering materials and running costs of the business, another source of income will be required. These businesses may not be financially rewarding especially in the early days and frequently the designer is required to supplement their income just to be able to survive. This is almost unique to the design world as few entrepreneurs would wish to work for someone else, often full time, just to keep a business afloat, in the knowledge that when the business is up and running the rewards may not be financial.

Many designers choose to teach on a part time basis [20% of those questioned for this research], this can be very beneficial as it keeps designers networked with other similar designer/workers as well as helping to develop future designers.

Chart 14 shows of those questioned for the GIB project, that many were involved in work other than the running of their own business. The majority, who did have another source of income, were involved in work similar to their own activity.

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[172] Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999
[173] The Crafts and the Economy, Crafts Council 1995
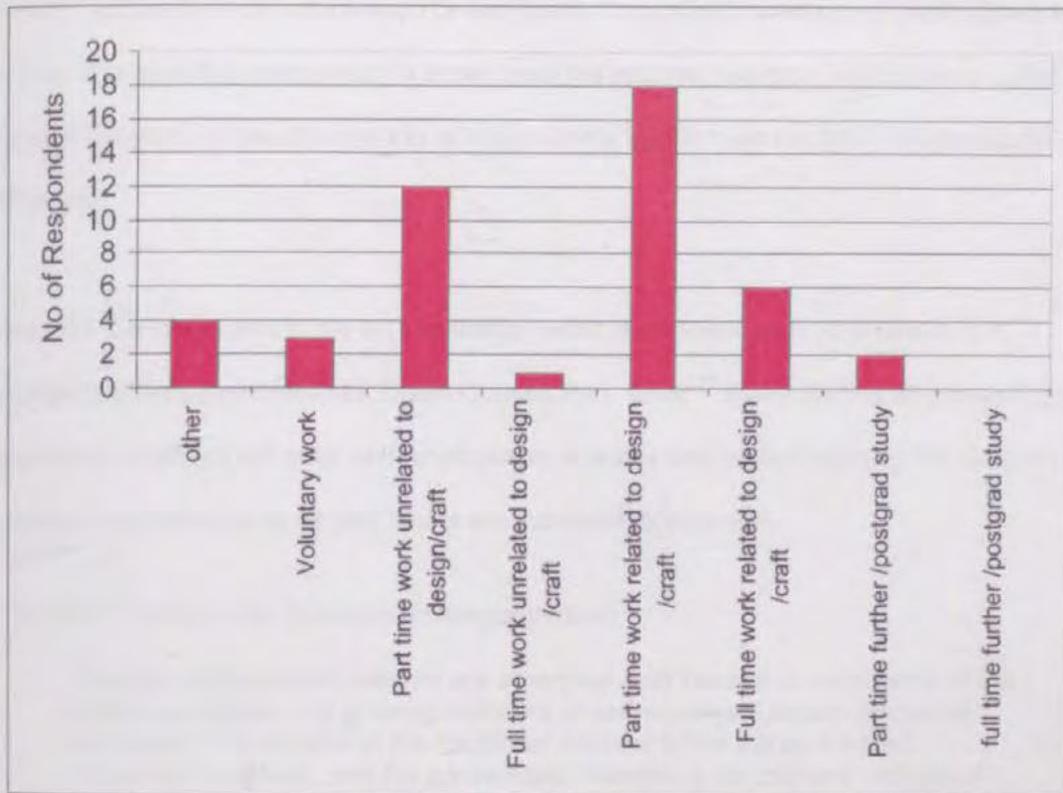
Chart 15 GIB Other Sources of Income[174]

The GIB research also uncovered, *Negative attitudes towards business start up in art and design by the Employment Service*.[175] This is probably just a poor understanding of what is involved in such businesses. However, as the numbers of small art and design businesses are growing and many are proving sustainable, these businesses should not be overlooked by advisers of the unemployed.

The artist craftsperson does not always fit into an obvious employment category.

> *My own experience at the Department of Employment, when I graduated with a fashion degree, was not a positive one and most of my colleagues reported similar experiences. An employment adviser suggested I ignored my hard-earned degree, and applied for a career as a clerk. Once I had decided to start my own business, I tried to discuss the possibilities with the employment advisor, but they also fell on deaf ears.* Kay McKenzie.

This was 1980, and it is depressing that the situation appears not to have changed very much, when there is strong evidence that these businesses are sustainable. A Craft Council

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[174] Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999
[175] Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999

report[176] states that of those helped by the Crafts Council with a setting up grant 95% are still in business after five years which is three times the national average . GIB Chart 5, Length of Time in Business shows the majority of respondents to GIB have run their businesses for over 10 years.

Few jobs are for life and in the art and design world even fewer than other areas. It is estimated [Press and Cusworth, Crafts Council April 1998][177] that a third of all graduating art and design students will enter self-employment at some time in their working life. Careers pathways as freelance or as part timers are increasingly common.

The RSA[178] inquiry into Tomorrows Company found

> The New employment patterns are emerging, with the rise in importance of the knowledge worker, the growing numbers of self-employed people and small businesses, the erosion of the traditional concept of the job as full-time, permanent and male, and the consequent changes in the role and outlook of trade unions.

The Crafts Council has also been an important source of information for this area of the project. Much of their research exposes similar findings to those of GIB. Crafts and the Economy , a Crafts Council publication stresses that the artist/ designer/ producer is a growth area of the economy. The Crafts Council report published in 1995 states that the contemporary crafts sector has more than doubled its turnover in the last ten years to £400 million, exports account for 10% of total sales. These figures make a substantial contribution to the nations economy. The government has identified creative industries as one of the fastest growing sectors of the economy, with a growth rate of 5% per annum, twice the growth rate of the economy as a whole[179].

> The Creative industries Task Force [CITF] was set up by the Prime Minister after the 1997 General Election, to look for ways of maximising the economic impact of British Goods and services in the creative sector. It aims to provide a forum in which government Ministers can come together with senior industry figures to assess the value of the creative industries, analyse their needs and make recommendations to improve their economic value. Creative Industries Mapping Document[180]

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[176] The Crafts and the Economy, The Crafts Council 1995
[177] New Lives in the Making, The value of Crafts education in the Information Age, M. Press & A. Cusworth 1998
[178] RSA Inquiry Tomorrow s Company 1995
[179] The Crafts and the Economy, Crafts Council 1995
[180] Creative Industries Mapping document web site. www.culture.gov.uk

From this a Mapping Document was published, looking at how businesses in the sector can be and are supported.

4.10. Financial help and other assistance

In the UK, there are numerous agencies ready to help the artist/designer setting up a business with financial assistance and advice.

Regional Arts Boards offer advise to new and developing business on a variety of issues, they organise exhibitions and can advise on grants that are available for specific projects. They will also link a new business up with other helpful agencies.

TEC - Set up in 1980 and funded by the Government (Department of Education & Employment and the Department of Trade and Industry) the TECs are a private company limited by guarantee. They help new and established, business through *training, enterprise and economic development.* [Essex TEC[181]]. There are 81 TEC covering England and Wales and are made up of local business people.

Arts Council and the Crafts Council, The Crafts Council setting up grant is available for businesses fitting into a criteria set by the council and to obtain a maintenance grant of £2,500 for a year, and £5000 for equipment. Few designers are accepted onto this scheme, as the requirements are very rigorous. Applications are considered 4 times a year, Brigid Howarth estimated that they receive 80 applications but only give about 5-10 grants at each selection.[182]

Shell Livewire — the scheme *helps young people think more about taking a more enterprising approach to their future careers* , aimed at people between the ages of 16-30, it connects the new business person with a locally based co-ordinator. There is no financial help given, although the co-ordinators will be linked up with local enterprise agencies and will be able to advise where financial help can be found.

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[181] Essex TEC www.essex.tec.org.uk/

The Princes Trust — the Princes Trust was set up to help young people get back to work in the early 1980s. The scheme, which has many success stores, is open to anyone from 18-30 who has a good idea for starting a business. The scheme has been developed over the years and new businesses have been offered a variety of services and help. Today, the person is initially given a test-marketing grant of up to £250 for the purchase of goods or services to help them carry out research into the business. At the same time as receiving the grant, each individual is allocated a business mentor, who is volunteers. The mentor and the businessperson are then expected to get together and work out a programme of research. They would meet regularly and discus the progress of the research. Following the research some of the applicant decide that running a business is not for them, most realise that more research is needed to develop their idea. The next stage is to prepare a business plan; the local enterprise agency offers help with this part of the business development. The PT will look at the business plan with the individual, and a panel then decides whether the project is a viable proposition. If the panel accept the plan then the PT can offer a loan of up to £5000. During the first 6 months of the loan, there are no repayments; the interest on the repayments after the six months is about 3% [far lower than the clearing banks offer]. The PT often supports new business ideas that the banks have turned down or part match loans with the banks. This is a tremendous help to the bank as the research and business plan is supported with advice as well as financially from the PT. The Princes Trust regularly has groups of stands at trade shows and public shows, the stands are offered to new businesses supported by the PT. Many of these new companies would not have the financial backing or knowledge to show without the PT, as the stands are heavily subsidised. It also allows the business to exhibit with other similar business people, working together.

Business Links - The first Business Links were established in September 1993; the national network was completed in June 1996. Business Links are joint ventures established by local business support agencies, including Chambers of Commerce, Training and Enterprise

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[182] Interview with Brigid Howarth Crafts Council appendix pg. no 99

Councils (TECs), and enterprise agencies, intended to provide SMEs with a one-stop shop for advice and services.[183]

The Design Trust & New Designers in Business — This was a project set up by Peta Levi but unfortunately, it has now lost its government funding. However, its' inclusion here is important as other similar trusts exist and support designers in a similar way. The Design Trust offered initial help with business start up. When the businesses where running, the trust grouped similar designers together and helped them exhibit at trade shows in the UK and abroad. Trade shows are very expensive to put on, but the design trust obtained sponsorship from industry. By working with a number of other exhibitors this enabled many new designers to show their work at trade shows where, without this support, it may have taken many years to afford a stand. The design trust also tried to link designers with mentors from similar areas of work.

4.11. Setting Up

Once a designer has decided to make a living, designing, producing and selling his or her own work, the business needs to be started. In conversation with Chas Nandra, self-employed product designer, he stresses:

> A fundamental mistake that many students make when they come out of college — no matter what you do and where you have gone, I believe that there is no established career path in design — no matter where you have come from you always start at the bottom. I had killed myself for 5 years [in education] to get to the bottom of the rung.

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[183] Select Committee on Trade and Industry Sixth Report www.parliament.the-stationary-office.co.uk

Diagram: Basic route to new business start-up.

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Idea

↓

Develop the product

↓

Decide where the market is
[Trade show, fairs, commissions]

↓

Write a Business Plan

↓

Open a bank account

↓

GET STARTED!

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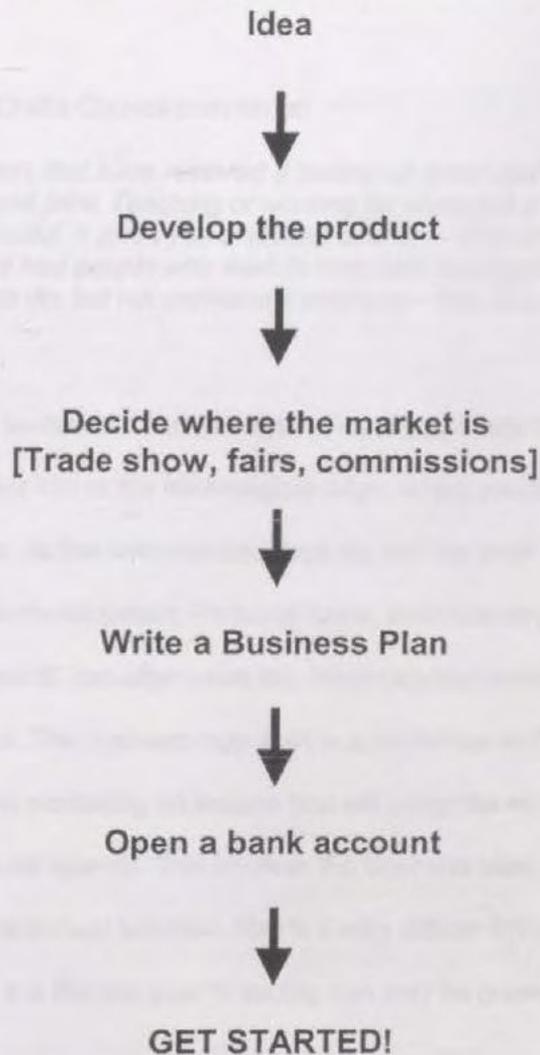
Laura Pottinger[184], [Ceramicist] says
> In the spring after graduation when I had been through the depression and
> confusion of post grad life. I realised that I had to do something for myself
> knowing that I was not going to walk into a job with Conran or the Crafts Council.
> I realised that if you want an opportunity you have to go and make it.

There really are very few steps needed to start a business and most will follow a very similar

route in the early days. However simple the route, there is no guarantee of success. Many

designer/makers subsidise their businesses sometimes for many years before they can take a

living wage. Perhaps it is for this reason that so many creative businesses are successful, on

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[184] Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999

paper the finances may not show a successful enterprise, but the designer perseveres and gradually builds the business to be a success on paper as well as to the owner.

Brigid Howarth[185] of the Crafts Council comments;

> I find that designers that have received a setting up grant and are doing really well have got second jobs. Teaching or working for someone in a similar area that is more successful. It gives you a second strand — 90% are working within their area — I have had people who work in hospitals, but that is very rare. A lot want to teach - a lot do, but not permanent positions - they lecture or teach occasionally.

Some initial finance may be needed, but this style of business needs little investment. With the exception of the potters kiln or the ironmongers forge, which could possibly be shared with those already in business. As the business develops so, will the stock and the income to spend on further business development. Personal loans, business development agencies or Arts and Crafts Council grants can often meet this initial required investment. However, the product must be produced. The business may start in a workshop, but frequently starts from the owner s home until it is producing an income that will cover the rent on a workshop. A bank account will have to be opened. This involves the business plan, which includes an estimate of the businesses annual turnover. This is a very difficult thing to predict throughout the business, however, if it is the first year of trading can only be guesswork.

The owner of the company will have some idea of what they would like to achieve at the outset. This may well have been written up in a business plan style of document. It would be fair to state that a business is not a success if there is not enough profit to pay one person a reasonable salary. However, in the early stages of many design businesses, the owners are prepared to do other work to supplement their income, just to get the business started.

Sir Robin Ibbs[186] [Chairman of Lloyds Bank in 1996] comments,

> New entrepreneurs should be encouraged by research which shows that those who take the most thorough steps in planning their new venture are most likely to succeed.

But Sarah Williams[187], writing for the Lloyds Bank Small Business Guide states that,

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[185] Personal Interview with Brigid Howarth Crafts Council. 1999 appendix pg. no 99
[186] Sir Robin Ibbs, Chairman of Lloyds Bank, Lloyds Bank Small Business Guide 1996 Edition
[187] Sara Williams Lloyds Bank Small Business Guide 1996 Edition

Not all the people starting a business have the necessary ingredients for success. She adds: What is it you hope to achieve by starting a business? Motives may range from achieving monetary gain to establishing a comfortable working environment. You could have a combination of business and personal objectives.

In the government's recent White Paper on Competitiveness[188] [1998] references Developing

entrepreneurs, it states:

Entrepreneurs often fail to realise the potential of their ideas because they lack the business skills they need. The Government has a part to play through the education system.
It will enhance employability and develop key skills including entrepreneurial skills. The Department for Education and Employment (DfEE) is spending £15 million in 1998/99 to support links between education and business including business experience for school pupils and teachers.

The designer will have a product , they will have a good understanding of the product and

they know to make a living the product must be sold. They may not have the knowledge of

how to go about that. Do they want to retail or wholesale — do they understand how these

routes may affect their work?

Brigid Howarth[189] of the Crafts Council confirms this:

Very few makers leave college and set up in a studio, because basically they can t afford it —they have the equipment, what are they going to make, what are they going to sell [to consider]? Are they going to the fine art side or the batch production side — these are all quite difficult questions that need to be answered.

How the product is sold will have cost implications, is the product a one off or can it be made

in batch production to lower the cost and therefore, opt for a wholesale route to the customer.

The product may need development, to make it possible to wholesale at a reasonable price

Jessie Higgson[190] [Ceramic designer] talking about the development of her business,

I had to rethink my work. I now do slip cast ceramic ware — finding a balance between what I want to make, what sells, what is realistic and maintaining the individual and personal.

Many designers change the way they sell their product as their business progresses. With the

development of the business, the knowledge of where and how to sell the product increases.

The business might start by retailing and develop to wholesaling. Wholesale buyers spot

some designers at craft fairs, markets or retail outlets; this is often a boost to the new

businesses trade.

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[188] Competitiveness White Paper HM Government 1998 www.dti.gov.uk/comp/competetive/main.htm
[189] Interview with Brigid Howarth Crafts Council 1999 appendix pg. no 99

4.12.   The Customer and the Market.

Once a decision has been made to start a business, the new entrepreneur must decide whether they intend just to design the product and to manufacture it as well. For sculptures, potters, painters and printmakers etc it is part of the design process to produce the article. The product then needs to have a customer and there are a variety of ways that the artist /design can sell the goods:

Art galleries usually take work on sale or return basis and charge the artist commission on any sales. The Commission will vary depending on the Gallery, an artist could expect to pay as much as 50% in a private gallery in Central London, whereas a local Library run by the council may only charge 10%. It is unlikely that the more prestigious galleries will accept approaches from unrecognised artists. However, local galleries may be happy to consider exhibiting works from such people.

Wholesale - trade shows are held regularly across the country. Retailers visit these to order their stock and this enables them to see all [or most] of their suppliers under one roof. Trade shows are carefully designed so that the retailers can be confident of stock for specific occasions such as Christmas, or autumn and winter collections in the fashion world. Following the shows there is ample time for the exhibitors to produce the goods for the retailers. e.g., the spring fair in Birmingham is in March and most retailers will order their Christmas stock at this show and expect delivery from about August onwards.

These shows can be very expensive [often over £1000 for the smallest stand 3X3 metres] to exhibit and many small and new businesses team up to share a stand until their business has grow sufficiently to be able to afford to finance the show alone. The DTI sponsor a number of overseas trade shows, promoting British design and innovation around the world, helping the designer to gain export orders [Munich silversmith show, New York Furniture show.[191]] these shows are often heavily subsidised.

Direct Wholesale -the designer visits chosen retail outlets him/herself to introduce the work to the shop owner. This is time consuming and many designers find this approach very difficult. The designer will require a list of suitable shops to approach, this they may have to

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[190] Jessie Higgson, speaker at GIB
[191] Interview with Howard Fenn & Andrew Jackson appendix pg. no. 21

research themselves or they can purchase retail lists [usually compiled by trade show organisers], which can be very expensive.

Arts and Craft fairs have built up a strong following [by customers and retailers] over the last 20 years. They can be found in most towns especially around Christmas in church halls and community centres. These smaller shows are relatively inexpensive [approx. £10] to exhibit at and many new creative businesses have stated at such venues. In London, **Camden Town Market** and **Covent Garden Market** are world-renowned, but with the fame, the price of a stand can be far more expensive [£60 a day in Camden Town on a Sunday].

Direct Selling / Party Plan organised by the designer, parties are thrown at a variety of venues, [often friends houses] and goods sold. This is an inexpensive route for the designer as rents are often nominal; sometimes the host will expect a percentage of the takings.

The Chelsea Crafts Fair organised by the Crafts Council is a highly prized exhibition space. A team of celebrities from the art and design world chooses exhibitors and the annual exhibition attracts a large amount of publicity for the exhibitors. The stand cost about £500 for the week. Exhibitors can expect to attract retail and wholesale orders and a good show at Chelsea can keep a business running for much of the year.

Shop - run by the designer where they can sell the goods themselves often manufacturing on the premises. Many designers are able to have open workshops at popular times of the trading year and although these are not always in high street positions, with good publicity they can be very successful.

The Internet is fast becoming another way to reach the customer. It can be seen as an online gallery, and can reach customers worldwide. It is still in its infancy but it does create an inexpensive and innovative way to reach a vast audience. One major problem with this form of trading is the purchasers inability to see the product as a 3 dimensional form. The customer can use the Internet as a way of finding out more about a specific designer — where they are exhibiting etc.

Catalogue/ mail order - catalogues produced by designer /makers are generally more exclusive than the mail shot variety and may support appearances at summer fairs or advertising features in appropriate magazines. They also build up a designer s profile.

Summer Fairs, County shows and music festivals —are similar to Craft fairs, the advantage being they attract a particular clientele and the designer can select the show where they would expect their goods to be best received. The designer can work through the winter building up stock and then sell throughout the summer at fairs. For example, the WOMAD festival, held annually in Reading, would attract older clientele who generally have more money to spend on ethnic style goods.

Commission - This is a common way of gaining work once the designer is established and has built a reputation. The designer may be expected to just design the product and the customer with arrange for the manufacturing or the designer may be expected to design and produce. The advantage of this form of trading is that the product does not need to find a buyer and often deposits are made to help with running costs.

Agent - The designer/maker commissions an agent to sell their work for them; they pay the agent and agreed price usually a percentage of the price of the work. Agents normally carry more than one designer s work. They will have a good knowledge of the area they cover and have often developed good relationships with retailers. If designers find selling their own work particularly difficult, this can be a very useful way of reaching a larger customer base. However, agents may expect the designer to already have some business dealings as this shows that the product is already popular.

Pros and Cons of different ways to reach the customer

Outlet	Pros	Cons
Wholesale — trade shows	Can reach a wide audience, home and export orders.	Expensive to put on [although help can be gained from some of the support agencies].
	The exhibitor will have a good idea of who will attend / place orders	Often 3-4 days long, stay in Hotels etc adds further costs
	Can organise and predict future sales and production	
	Can attract export orders	
Art Galleries	No outlay/ cost required	Gallery owner takes a large percentage of the sales [up to 50%]
	Gallery will have built up a list of buyers, and often have a strong mailing list of potential customers.	Exclusive [not always]
		Sale or return — goods can be tied down without the maker making any money for a considerable time.
Markets	Very cheap to gain a regular pitch	Cold in the winter if outside
	Can build reputation and clientele	Often have to be there every week of the year to safeguard pitch
	Regular customer will have been built up over a period of time by longer standing market stall holder, you will have an immediate customer base	The more select craft markets may be difficult to obtain a retail space, often call a pitch ; there may be a long waiting list of artist/ designers wishing to trade.
	No ties — no lease to sign	Difficult to display goods
	Can attract wholesale enquiries	
	Working with similar trades — good to mix with like minded people	
Summer Fairs	Attracts a type of customer i.e. Rock festival — young lively can target the right type of customer.	Seasonal trade [may be a pro]
[+ see markets]	Fairly cheap to exhibit	
Shop	Build up regular trade — reputation	Can be expensive to set up
	Can produce while and sell	Tied down to lease agreements
	Have to open regularly [not always — but expected]	

Internet	Can reach customers all over the world	New — unknown territory
Commissions	Don t have to make up goods prior to order	Have to have built up reputation
Catalogue/Mail order	Can reach customer in their home	Expensive
		If mail order — need a reliable mailing list
Party Plan	Very cheap to organise —	Only reaching a small audience — often friends
	Do not have to have a lot of stock — can take orders	
Agent	Sells the work for the designer	Loose personal customer relationship
	Can collect payments for designer, especially useful if customer slow payer	
	Can cover a large area by employing agents to cover the country with localised regional knowledge	
	Has good contacts, often carries other complimentary stock	

Finding the right route to the customer is fundamental to the new creative business as it has many different pricing and organisational implications. Wholesale prices can be expected to be doubled by the retail outlet and if an agent is selling a range, he will charge a percentage of the order generally 10-15%. Building up a good customer base is the grounding for a successful business, having only a few customers can be the downfall of a business especially when one or two regular customers fail to place an order or buy the product. Chaz Nandra[192] when asked how he finds his customer commented:

> How do you find your customer - we just shout as much as we can and hopefully our customers find us, and once we have a customer we pretty much make sure they are our customer for a while, by doing a great job.

[192] Interview with Chaz Nandra appendix pg. no. 12

Diagram of routes to the customer

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┌─────────────────────────────────────────────────────────────┐
│                        The product                          │
└─────────────────────────────────────────────────────────────┘
     │              │                              │
     │              ▼                              ▼
     │    ┌──────────────────┐          ┌──────────────────┐
     │    │   Trade shows    │          │  Retail outlet   │
     │    │                  │          │                  │
     │    │   Wholesale      │          │  Market Stall    │
     │    │                  │          │                  │
     │    │   Market Stalls  │          │  Gallery         │
     │    │                  │          │                  │
     │    │   Craft Fairs    │          │  Craft Fair      │
     │    └──────────────────┘          │                  │
     │              │                   │  Festivals       │
     │              ▼                   │                  │
     │    ┌──────────────────┐          │  Mail order      │
     │    │   Retail outlet  │          │                  │
     │    │                  │          │  Commission      │
     │    │   Gallery        │          └──────────────────┘
     │    │                  │                    │
     │    │   Mail order     │                    │
     │    └──────────────────┘                    │
     │              │                             │
     ▼              ▼                             ▼
┌─────────────────────────────────────────────────────────────┐
│                       The customer                          │
└─────────────────────────────────────────────────────────────┘
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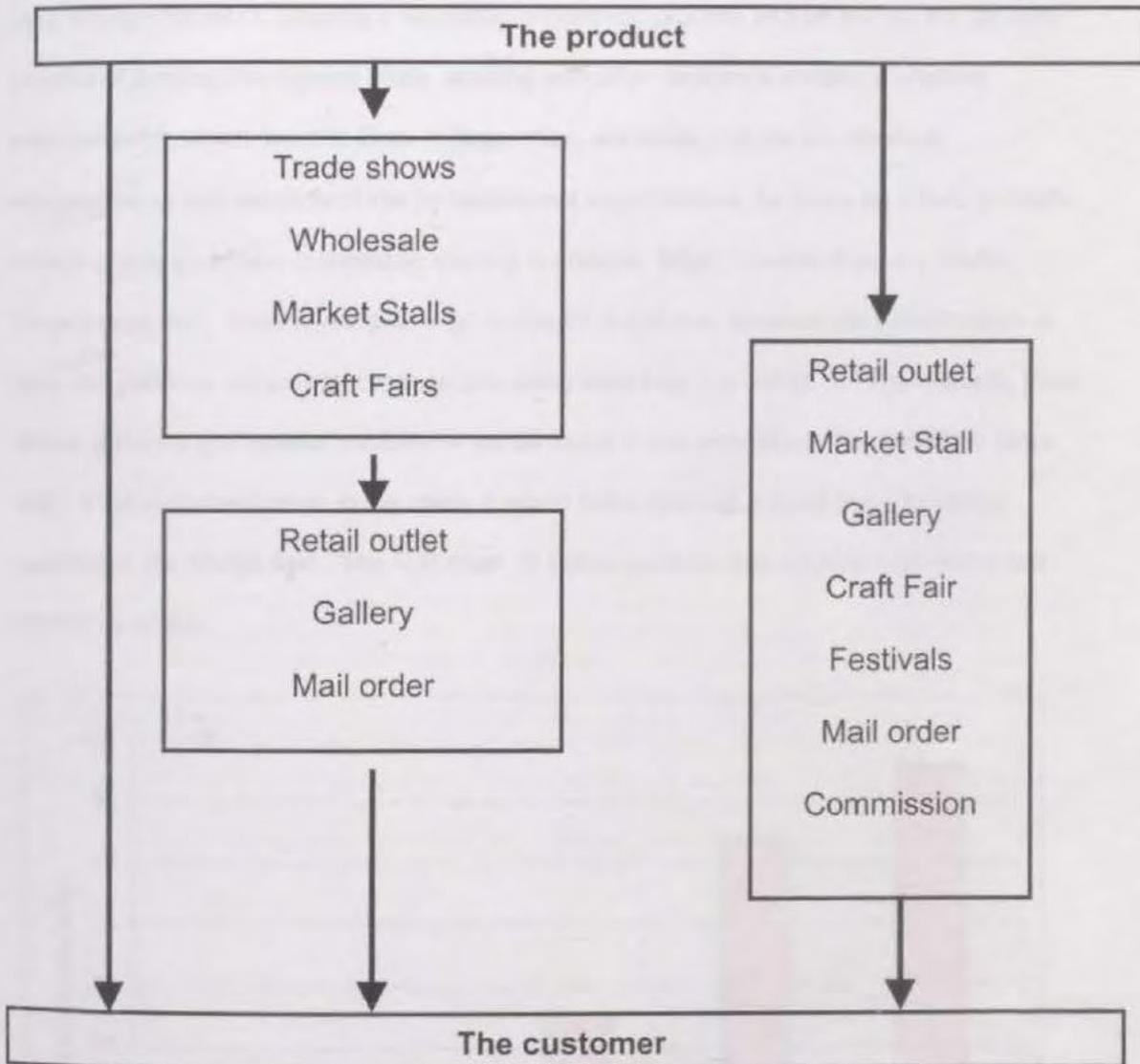
Each different route to the customer has different cost implications. Each time the product changes hands [each arrow above] the price increases. If the product is sold to a retailer then he will add his own mark-up to cover his expenses. The original cost of the product may dictate the form of selling. [I.e. if it is very expensive to produce, the designer may wish to work on a commission basis only — that way he knows that he has sold the product before he actually produces it and he therefore, knows his costs are covered. Note -he still has the costs of finding the customer.]

4.13. The Business Premises

Many designers choose to start their businesses from home or in a small workshop, often with other designer/makers. Sharing a workshop is common practice and as well as the obvious benefits of dividing the running costs, working with other designers creates a creative environment in which to work. Even in large cities, workshop spaces are relatively inexpensive — with rental kept low by benevolent organisations. As many as a third of Crafts council grants go to new businesses starting in London. Brigid Howarth from the Crafts Council says that- *Most of our grants go to people in London, because the infrastructure is here- the galleries, shops etc. more people doing what they are doing.* [193] The markets, trade shows, galleries and special exhibitions are all found in and around London and other large cities. If the customers were in the cities, it would follow that it is a good place to start a business in the design field. The GIB chart 15 below confirms that working from home is a common practice.

Chart 16 GIB Place of Work[194]

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[193] Personal Discussion with Brigid Howarth, Crafts Council; August 1999
[194] Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999

4.14.   The Business Plan

On approaching the bank to open an account, even if a loan is not required, the banks will

usually require a business plan. For the creative individual this can be a very difficult

document to write. Bridge et al[195] comment:

> All that is required is that the person starting a business has some idea of the
> goal and the route to be taken to it. In these circumstances, asking an aspiring
> entrepreneur for a formal business plan can actually be detrimental to the
> business. In deference to the apparent expertise, and therefore presumed
> superior knowledge, of the person making the request for he plan, the emerging
> entrepreneur may try to produce one in line with a prescribed format. If he or she
> does not understand what a business plan means, or the logic behind the format,
> then the plan may be a bad one and the time wasted on it may be considerable.

They also advise:

> Everyone plans in some way or other, but not always on paper. Properly used, a
> business plan is a help, not an obstacle. A lot of nonsense has been talked about
> it and it has in some cases been promoted as the answer to almost every
> business ill. A formal written plan is not the essential starting point to every
> successful business but there have nevertheless been many businesses that
> suffered because they were not planned properly, and pans are so often
> essential for securing the support of others .

Most banks lay down guidelines as to what is required, and although each clearing

bank is different - they all require sales predictions. This is an almost impossible task

for a designer as in the early days they usually have absolutely no idea how the

product will be received.

> The orthodox view that a business plan is essential for anyone starting a
> business is, to some people, so obvious that it does not need to be proved.
> Others however believe that, at least for some businesses, a formal written
> business plan in the recommended format would be a waist of time. [196]

In an interview with the author Roddy Doyle[197], when he had finished his first novel The

Commitments , he decided he would publish it himself rather than get an agent. He showed it

to some friends and they went to the bank and asked for a loan.

> I was asking for more or less the same amount as if I was getting a second
> hand car, although it was much more difficult. You could just walk in and get a
> loan for a car, but we had to give them a business plan, which was an
> outrageous piece of fiction . there was more fiction in that plan than in The
> Commitments itself .

Furniture designer Thomas Bailey[198] reiterated this when interviewed:

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[195] Simon Bridge, Ken O Neil & Stan Crombie. Understanding Enterprise, Entrepreneurship & Small Business.
Macmillan Press1998
[196] Simon Bridge, Ken O Neil & Stan Crombie. Understanding Enterprise, Entrepreneurship & Small Business.
Macmillan Press1998

Enterprise agencies and the bank — they need your cash flow and your business forecast and all these things that you can t give them, things that are total fiction- then they lend money on that. And really at the end of the day it is just fiction.

When Ian Gill[199] [successful designer/maker] first approached the bank for a loan, they asked him for a business plan. He said they asked for cash forecasts and how much stock they would be selling in six months. Ian said *We haven t got a clue* and the bank turned him down. Ian and his partner eventually cashed in a pension plan for £450, they opened a bank account with that and have not looked back since.

As the designer will be developing the designs continually there is no real way of knowing how the customer will react to their work. The new business, therefore, is often forced to disguise the truth, as there is no other way of securing a bank account.

David Stokes[200] suggests that the Business Plan can be triggered by a number of events or reasons - Start —up, Business Purchase, Ongoing Review or Major Decisions.

He says that

Three types of people will be interested in a business plan: the managers who run or intend to run the business on a day to day basis; the owners, or prospective equity investors; and the lenders who are considering loans for the enterprise. They will be seeking to investigate the following issues: Assessing the feasibility and viability of the business project. Setting objectives and Budgets. Calculating how much money is needed. Lenders/ investors will look to a business plan to provide them with additional information, particularly: To evaluate the security offered for funds versus the risks involved. To appraise the quality of management.

David Stokes[201] adds

In fact to do its job a business plan needs to answer three straight forward questions:
- *Where are we now?*
- *Where do we intend going?*
- *How do we get there?*

Finally, Bridges et al[202] cite General Sir Frederick Morgan *Whereas anyone can make a plan it takes something quite out of the ordinary to carry it out.*

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[197]
[198] Gary Young. Guardian Weekend August 28th 1999. Interview with Roddy Doyle Little Big Man .
[199] Interview with Thomas Bailey appendix pg. no. 69.
[200] Interview with Ian Gill appendix pg. no. 16
[201] David Stokes, Small Business Management, DP Publications. 1995
David Stokes, Small Business Management, DP Publications. 1995

4.15. Market Research

Stokes[203] comments that,

> It would seem that a small firm owner s approach to information gathering is often chaotic and opportunistic. They tend to shy away from planned programmes of market research. They do not have the time, nor often the skill, to sift through the mountains of data which could inform their business decisions. Instead, they tend to gather information on-the-hoof as they go about their daily tasks.

There are numerous books available to the new entrepreneur — all with good and important advice to offer. One of the most important issues that banks, agencies and self-help books suggest the new business needs to undertake in the very early stages, is market research; the knowledge of what is already available and at what price and where, in your chosen market. For most businesses, this would be an essential task — to market their product at the right price and to the right customer. However, with an original design it is difficult to compare the item to other similar designs, as often there are none to compare with.

Mackinsy[204] was the first person to develop management consultancy, he started his company in the USA and heavily influenced the development of business consultancy in the UK. Towards the end of his working life, he had been asked to revitalise a down-at-heel department store in New York, this was his first experience of practising what he had preached. On his deathbed, he confessed:

> Never in my whole life did I know how much more difficult it is to make business decisions myself, than merely advising others what to do with their business without having to take the final responsibility myself.

Stokes[205] suggests that to survive and succeed in the market place, a would be entrepreneur needs information to help answer two fundamental questions:

1. Is there sufficient demand for the products or services of a new enterprise so that it can establish itself as a viable business?
2. Can an established small business adapt to the ever-changing environment to take advantage of any opportunities that may arise and withstand any threats to its existence?

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[202] Simon Bridge, Ken O Neill & Stan Cromie, Understanding Enterprise, Entrepreneurship & Small Business, Macmillan Business 1998

[203] David Stokes, Small Business Management, DP Publications. 1995

[204] Television programme by BBC Dangerous Company · What s so Sexy about Management Consultants?

[205] David Stokes. Small Business Management, DP Publications. 1995

When a bank is approached to open a business account, or when applying for a grant, market research is often expected. The banks use surveys as a market research tool, this approach would be unsuitable for most designer/maker businesses as rather than appealing to the masses and much of their work is more likely to only appeal to an elite few. This is the point of what they are trying to achieve. Therefore, standing in the street with a clipboard asking if passes by like a particular object would probably not get the support the bank are looking for. Would the bank then be interested in the business idea and be prepared to support the designer? A Princes Youth Trust advisor informed the researcher that banks don t like creative industries , possibly because they do not understand them. However, the Princes Trust also expects market research to be undertaken by a new business.

Much of the work produced by designer/makers can be described as luxury goods, however, from the development of new ideas and materials, more commercial ideas are often born. From the researchers interviews and own experience it is estimated that designer/makers have a good idea of their product, they are not going to change it to suit a market [although they may make small adjustments], their originality is their unique selling point . They may however, develop the product, when they set up their business, and as the business progresses. If their product is expensive, designers often produce cheaper sidelines such as postcards, smaller pots or prints of their work, this too, can subsidise the main activity. They may have worked for a similar styled company, will probably have visited exhibitions and trade shows, and will intuitively have an in-built understanding of their product, as well as be aware of the so called competition . Few of the businesses that were interviewed undertook market research for the sole purpose of developing their range or product. These designers know what their product is before the business is started —many of these products are new, making market research difficult. Colleagues and friends will have given opinions as well as tutors at college - but actually selling the product is a very different scenario. Often friends and relatives are the first customers, but eventually the business will need to branch out and find completely new customers, if the business is to survive. Richard Baxter[206] potter comments on his experience,

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[206] Interview with Richard Baxter appendix pg. no. 6

> *It's an ever expanding spiral of friends and relations until without really doing much advertising ever, a lot of people become aware of what you do and a very small percentage want something.*

This part of the development is a gamble, something the banks find difficult to associate with. It is for this reason that banks are also not very forthcoming with loans for this type of venture. Even start-up agencies are often nervous to back these unknown and untested products. Financial backers have a poor understanding of these types of businesses, they are untested and do not fit a standard formula. The builder or the secretary has something far easier to promote in a business plan than the potter — who makes pots, that to the uninitiated are just pots — not original and creative and ready for the right market.

Fashion designer Debbie Quainton[207] of Tuff Tarts, who sells her exclusive designs in a small unit in Brighton and has been in business 6 years also found it difficult gaining initial financial backing. She applied to the Princess Trust for Financial help but they were not prepared to support her, they could not understand who would want to buy such impractical clothing , and they said that they could not afford to pour money into a business venture which was sure to fail. She felt confident her designs would sell, as she had been making and selling them to friends for some time whilst working full time for Estee Lauder. Eventually, her parents helped her financially to get the business off the ground.

Sara Williams[208] confirms the designer has a difficult task promoting original ideas when she advises new businesses,

> *Your idea does not have to be novel, original or revolutionary. If it is, it may be helpful; but equally, it could be a hindrance. Trying to sell a product or service which has not been available previously can be an uphill struggle. Being first is not always best. The first to offer such a product has to educate a market and possibly establish structure. The second or third into a market can capitalise on all effort and investment made by their predecessors.*

However, the reason for most of these businesses in the first instance is that they are original, these are difficult businesses to run, but they are run by people who are determined that their business idea is achievable.

Akio Morita[209] — co founder of Sony.

> *I do not believe that any amount of market research could have told us that the Sony Walkman would be successful.*

Market research undertaken to find the right place to sell the product is a far more important

task that the designer should not overlook.

Finding the right market place may take time, mistakes may be made and finances are tight. It

also takes a great deal of time meeting different buyers. The owner must decide on whether

the business will be retail, wholesale or [as with many small businesses] both. It rarely,

however, takes a great deal of investment to make a few items and sell them, to see how the

customer responds to them.

The Prince's Trust offers a Test Marketing Grant —

> *We can help in a variety of ways and the first one that we might offer — usually we offer to people in the design and craft industry, because they don t know where their customers are or who they are, is a **test marketing grant** which is anything up to £250. We allocate a sum of money — it may not be £250 — for the purchase of goods or services to help them to carry out the market research. For instance; somebody came along and said I have got all these wonderful designs that I have produced at college and now I want to start a business. The chances are that they would want to go round and talk to shops, but rather than just take pictures of their work they need to take their work— the purpose would be to see if their designs are what the market really wants because the shops will tell them. - Ron Dunham for the Princes Trust[210]*

Many new and talented fashion designers started their businesses on market stalls; one of

the most famous is perhaps Wayne Hemingway of the fashion business Red or Dead who

started his business at Camden Town Market in London.

From Red or Dead biography Tamsin Kingswell,[211] chart his success

> *Camden Market in North London was Hemingway s big break into the world of fashion. Camden in the early 1980 s was at the heart of London cool, but Hemingway s involvement was driven more by necessity than by a love of clothing design. [He sold second hand clothes] Geraldine s [his partner] own collection, meanwhile, was on sale in Kensington Market, at that time a centre of young fashion. The US department store, Macy s, ordered 200 pieces from the collection. Red or Dead was born.*

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[207]
[208] Interview with Debbie Quainton of Tuff Tarts see appendix pg. no. 86
[209] Sara Williams Lloyds Bank Small Business Guide 1996 Edition
[210] Made In Japan, Akio Morita and Sony Collins 1987
[211] Interview with Ron Dunham Princes Trust appendix pg. no. 109
Red or Dead The Good the Bad and the Ugly, Wayne Hemingway. By Tamsin Kingswell Thames and Hudson 1998

The market has to be the right for the product, a designer cannot expect success if they start their business at the local fruit and vegetable market at the end of the road. As well as retail, these select markets attract wholesale buyers looking for new and original products. These markets are not exclusive to fashion designers, Camden Town, Covent Garden and Spitalfields craft markets display many other designers work such at potters and jewellers. Many new businesses find that markets are a good starting place to trade, they can see if the business is viable, without being tied down to long leases or extortionate rents and rates. They can, however, build a good reputation and the beginnings of a strong business.

Katie Stirling [Milliner].[212]

> I started at Camden [market] and I was there for a couple of years. I kept getting wholesale orders, and I decided after a while, I had had quite enough doing the market. It was quite hard work to begin with and I was getting very good wholesale orders and I could not do both. So I thought; well I ve tried the market and I ve enjoyed that, but perhaps it would be nice to have a go at wholesale, so I left the market to concentrate on wholesale. I did that for about 7 or 8 years, and then that all went, well it sort of went back the other way. I was suddenly working so hard, for long hours and I d lost sight of everything, so I decided to go back to the market and have a less stressful 7 day a week twenty five hours a day.

The Chelsea Craft Fair, held annually in London and run by the Craft Council attracts new and unusual designers from all over the world. A chosen panel vets the designs; the standard of work is always extremely high. Here the designers not only get a chance to sell to the public, but also get spotted by shops and collectors worldwide. They may not show a profit on their fair takings, but make good contacts to wholesale to over the following year.

Brigid Howarth[213] of the Crafts Council, was asked her if a designer could survive for a year on takings from Chelsea?

> They could for a year yes - I think the average takings are £7000 in a week, very few people do badly at Chelsea If you re wise when you do Chelsea, you do things that you can sell on the stand as well as have larger more expensive pieces of work that can be commissioned.

Banks also offer advice and training seminars to the new business. However, it is the researchers experience that these can be very parochial in their business outlook. On a

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[212] Interview with Katie Stirling. Milliner appendix pg. no.32.
[213] Interview with Brigid Howarth appendix pg. no. 99

marketing seminar for people starting new businesses, organised by one high street bank, the

presenter talked about the surrounding towns — all within a 5-mile radius. He did not mention

London, which was 40 miles away, or Europe [the meeting was in Kent]. All of the delegates

were starting up in the service industries except one and his idea of designing and

manufacturing a small dingy was almost dismissed as a non-starter. The boat builder had had

years of experience building small craft in the Far East and wanted to move back home to

start his own enterprise and had received no encouragement from this session.

4.16.   Competition

The Competitiveness White Paper[214]

> Competition keeps businesses on their toes and makes them work harder to
> keep their customers satisfied. It provides the greatest possible incentive for
> businesses constantly to improve and to become more productive.

The banks and many businesses advise books look on competitors as a threat, prices should

be competitive and the product must differ from the competition. Competition keeps

businesses on their toes . However, these competitors are rarely seen by the designer

/maker businesses as a threat, in fact they are often very useful contacts. As long as the

products are different and the nature of the businesses suggest that this is the case,

competitors have often built up the customer base in the first place, rather than flooded it.

The strong reputation for design and originality of craft markets such as Covent Garden and

Camden Town in London have only been built because of the perseverance of previous

designer/makers. The competitors have built up the clientele over a number of years.

From the researchers own experience it is felt that these businesses rarely look on similar

trades in a hostile way, but work with them, helping with advice when it is required. At trade

shows too, the researcher found that other small companies supported each other. If a

customer were not happy with a collection one season, they would be directed towards other

small designer companies, who returned the favour. This is rarely documented, but essential

information for new businesses — don t hesitate to ask for help and advice, most other similar

businesses will offer it; willingly and freely, it is a two way exchange . The researcher also

found that working with, rather than against other designers pays off in a number of ways,

[e.g. if a customer is a poor payer, or someone is not who they claim — a manufacturer rather

than a buyer, word soon gets passed around]. The support and friendship of other businesses

is an important and invaluable trait not to be overlooked. Coates[215] advises people in the

fashion business,

> The designer fashion industry is full of generous, helpful and caring characters.
> It is important that you begin to know them from day 1. It can be like a large
> extended family and you will find a lot of new relations very helpful when you
> have problems.

Chaz Nandra[216] [product designer] supports this:

> People might say aren t they competitors — well not necessarily we are starting
> to get work from people who could be treated as competition because they get
> contacted for stuff they can t do or they haven t got time to do it. And it is the
> same vice-versa.

4.17. Pricing The Product

Pricing a product is a difficult area to pitch; the designer must cover their costs and add a

profit margin. If they intend to do batch production, then the price can be cheaper than for

one-off items. There is no good argument for undercutting the market in design led products,

the customer will be looking for quality not quantity, the price will rarely be a key factor in a

buyers mind, the right product is the key to success.

4.18. Prior Experience

Chaz Nandra[217] Product Designer when asked whether he felt he could have started his

business had he not previously worked for another company comments,

> No — I honestly believe that a design education doesn t prepare you— being good is
> like 30% of the equation the rest of it is your ability to deal with others and college
> doesn t teach you that. And also, your understanding of the process, a good example
> is - use freelancers, a couple of guys straight out of college — things that you think as
> second nature — isn t second nature to a student. That is the commercial process that
> has had the effect on me, but is yet to have an effect on them.

Coates[218] in Designer Fact File confirms,

> It is absolutely central that a designer must have experience and understanding
> before even contemplating setting up on their own.

Clive Woodward[219] states in his guide to running a small business.

[214] Competitiveness White Paper HM Government 1998 www.dti.gov.uk/comp/competetive/main.htm
[215] Designer Fact File Caroline Coates DTI 1997
[216] Interview with Chaz Nandra appendix pg. no. 12
[217] Interview with Chaz Nandra appendix pg. no. 12
[218] Designer Fact File Caroline Coates DTI 1997

At the first signs of wanting to launch your own business, you will rush for professional help to your accountant, your bank manager and solicitor. Just what sort of advice will you get from this expensive panel?
All will prescribe monochrome leaflets on the theme of starting our own business, but these will tell you very little except how indispensable your accountant, bank manager and solicitor will be.

Although experience is always invaluable when setting up a new enterprise, it is not essential; many [including the researcher] have very little knowledge of what running a business entails before starting one. The owner will learn very quickly, as the business progresses, how to overcome problems and move forward.

If a business fails, and statistically this is very likely, the failed owner still has a gained an immense amount of useful information to pass on to others. This is overlooked in this country, whereas in the USA, a failed businessperson is seen as someone with experience rather than someone who is not capable.

Many businesses in this sector close, they have not been forced into closure but have made the decision to cease trading often for one of the following reasons: -

- They have decided to move on — the business has run for a number of years they have had a good run at being self employed but would like to try a different lifestyle- often using all the skills they have acquired through running the business to move on.

- The business is not making as big a profit margin as had been hoped.

- They are fed up with working for long hours with little financial rewards.

- They are fed up with doing too much of the business tasks and not enough designing and developing of new ideas.

- There is no longer any enjoyment in being self-employed.

Some businesses are forced to close due to bad debts, often because customers have not paid their bills promptly and the cash flow is exhausted. Through the interviews the researcher found this to be less common while the goods remained exclusive, the problem is more common when the business begins wholesaling in large quantities.

Whatever the reason for closure, the owner has built up a strong business knowledge. This is rarely called on by business agencies. However, it is the experience of the researcher that these people would be willing to help others avoid mistakes and to help with problems that

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[219] Clive Woodward [Editor] Guide to running a small Business 1981

arise. Peta Levi of the Design Trust found successful designers to be very helpful business

mentors to new businesses.

The government have broached this subject in the Competitiveness White Paper of 1998[220],

> *Look at ways of removing the stigma associated with business failure.*

Adding,

> *Tackling fear of failure. - We are too afraid of failure. People worry that*
> *business failure will create a lasting stigma. Investors are too rarely willing to*
> *back those who have failed and want to try again. Fear of failure is lower in the*
> *US, where entrepreneurs who learn from their honest mistakes are more easily*
> *able to launch other ventures.*

This prior experience being invaluable is echoed by Storey[221],

> *One fact which is periodically asserted in business magazines is that highly*
> *successful entrepreneurs are individuals who have previously failed in business.*
> *It is also asserted that the experience of business failure constitutes a learning*
> *process for that individual, providing an incentive similar to that of social*
> *marginality.*

Many agencies [Princes Trust, Shell Live Wire] that offer help to the new business person

often call on the services of retired people from industry, people who have worked for huge

conglomerates such as ICI or Ford. These advisers have generally worked for these or similar

companies all their working lives. They have been used to secretaries and assistants working

with them and may never have had to account for money spent. These large companies

expenditure accounts for a month are larger than the average micro business could hope to

turnover in a year. These people have never started or run a small enterprise in their lives and

now they are advising new business how to do it. Ron Dunham a Princes Youth Trust advisor

admitted that the mentors he uses receive no training before advising a small business[222].

The small business cannot, as we have seen in Chapter 1, be compared with the large

business, therefore, as Bridge et al[223] comment,

> *Understanding small businesses therefore requires not only an understanding of*
> *business in general but also an insight into the ways of small ones.*

[220] Competitiveness White Paper HM Government 1998 www.dti.gov.uk/comp/competelive/main.htm
[221] D.J. Storey Understanding The Small Business Sector Routledge 1994
[222] Interview with Ron Dunham Princes Youth Trust. Appendix pg. no 109
[223] Simon Bridge, Ken O Neil & Stan Crombie. Understanding Enterprise, Entrepreneurship & Small Business.
Macmillan Press1998

I asked Thomas Bailey[224] — [furniture designer, Northern Ireland] if he had any help from the banks when setting up his business? —

> *Not greatly — because I had nothing to start off with, I think it was about £120, which isn t a lot of money- over here we have LEDU [Small business agency for Northern Ireland]. Which is small business enterprise grant scheme, which is, as per usual, run by people who have worn grey suits all their lives. They have worked in big business and they have never run a one man business in their lives, it s difficult.*

4.19. Networking

Many micro design firms may not wish to employ staff as this adds to running costs in financial terms but more importantly in the time needed to organise staff and payments. It is easier to contract work out to like-minded individuals that specialise in certain areas. The best possible individuals for each task involved can be sourced and undertake the specific work required. Once the project is completed, the organiser of the project pays the team involved, but then has no further obligation to them. Many small design firms have chosen this way to increase their turnover without increasing their staffing levels. This is also adding to the number of designer/maker businesses, as each individual contractor may be a designer running a similar style of business. Designers also use out-workers, these are self-employed workers and as with contract work the designer needs only to budget for the project being undertaken.

Katie Stirling [225] confirmed this when interviewed her about her manufacturing procedures

> *I ve used out workers but I ve never employed anyone .*

Many of these contacts are established at while the entrepreneur is still in college. It is while the individual is still in education that they often discover their forte, and specialise in different areas of work. These contacts are kept up after graduation, specifically if the individual has started their own business, and called upon when work is required. Meeting specialists at trade shows is an important part of developing networks of experts to produce a variety of work. These networks are essential to many artists and designers working today.

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[224] Interview with Thomas Bailey Furniture designer appendix pg. no. 69
[225] Interview with Katie Stirling Milliner appendix pg. no. 32

Quote Chaz Nandra[226]

> The only other way we really market ourselves is through a network. We are
> constantly in contact with everyone that we know — it is called network marketing.
> It is true what they say - it s who you know, not what you know. You can be fairly
> sure hat your first commissions will come through friends, relatives or old
> acquaintances. I never thought we could march into Nokia or whatever and say
> give us work. It doesn t work like that — it does work when you know people
> make sure you don t loose contact with virtually everyone that you meet in this
> game. The fact that we know lots of people - I really believe if you are starting
> out, you need those two things. I can imagine the graduates that are coming out
> with ideas of being self employed — already though there is a network of contacts
> out there, people that graduated with them are keeping tabs on those people,
> you are more likely to open yourself up to opportunities that you wouldn t have
> seen if you keep in touch with them. Had we not had a good network of peers -
> people who also work in the same business, we wouldn t be doing two of the
> projects that we are doing now. One guy didn t have the time to do the work and
> was willing to recommend us because he thought, they re nice guys, they can do
> the job, but we would do the same for him.

As well as Networking to find sub contractors, it is also an important way of finding work.

If the designer has already worked for a company and then set up on his own, he has

exhibited his ability in the original company and they may look to him for future contract work

knowing his talents. Many students, following graduation, work for other ex students who

have set up businesses in previous years. This route gives the individual experience of

working in a small business, rarely are the wages good, but the experience is considered

more important.

> Embarking on an apprenticeship requires a great deal of motivation and
> dedication. Most offer low wages and long hours, but, for those who persevere,
> they can be very rewarding [227]

If the individual then decides to set up on their own, they have a basic understanding of how

the small businesses work, and in many cases have made initial contacts with customers

while working for the original company.

Even work experience in the sector, while still at college, gives the individual a taster of the

small business experience.

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[226] Interview with Chaz Nandra appendix pg. no. 12
[227] Learning at the side of the master www.agthomas.co.uk/careeres/apprentice_schemes.htm

4.20. Summary

The creative business that designs and produces a product is most commonly a micro business; one person will normally run it although partnerships are also favoured. The reasons for starting such a business are varied:

- The prime reason is to have complete creative control over the product.

- These businesses are rarely started for the financial rewards, and starting such a business requires little capital or investment.

- Many new businesses are subsidised by the owners, who support their income with part time employment, particularly in the early stages of the business.

- The majority of new businesses in this field are started by people under the age of 30, and usually within 5 years of graduating from an art school, if they have had a higher education background. [It is now believed, as employment patterns change, that as many as fifty percent of art school graduates will enter self-employment at some point within their working lives.]

- New businesses are regularly started by disillusioned employees in similar styled firms, where the designer feels that their own skills have not been fully recognised or they are not given complete control in the decision making process.

- Following graduation, if unemployment is the only option, the designer/maker will often take the self-employment route. Unemployment is more common for the art and design graduate than it is in many other disciplines.

- Designer/makers have a good knowledge of their product, production and development practises. However, they may not have a good knowledge of the market place.

- Growth is not a prime concern for most of these businesses; usually they remain within the micro business category. They may contract work out for production, as the business grows.

- It is common for these businesses to change direction as they develop, often because they find new ways to reach the customer that were not considered at the start of the business. The case studies confirm that a change in direction is common.

- Enthusiasm is necessary for this type of entrepreneur, as hard work, long working hours and few holidays are normal, particularly in the first few years of development.

- To run a business such as this is a lifestyle choice.

- Success rates are higher for designer/makers than other new business start-ups, up to three times the national average[228]. However, this may be because the financial requirements are of less importance.

New businesses are started up at a rate of about 500,000[229] per year, and people start most with very different aims than that of the designer/maker. A business that grows in employees and turnover is clearly a successful business. Successful businesses are often sold and the original owner will consider he has built a successful company for others to build on. Many entrepreneurs have had more than one business; Storey[230] comments, *Virtually 80 per cent of the directors of fast growth firms owned other businesses.* The building of a business and then the moving on to a new enterprise is their view of success.

Different competencies are required to run a successful business, depending on the business. Many people want to start a business and have to look for a product or a service to sell; they have the skills to run a business but are open as to what the business will do. This is a very different scenario to the designer/maker — who has the product but must learn the business know how.

Although a designer/maker may have similar ambitions to the financial driven businessperson in the early stages, the objectives will rarely remain the same. They may employ staff to help build the business. However, it is very rare to sell a successful designer/maker business and have nothing to do with the future running of the company. The designer s input is fundamental to the business s success and without their contribution; it will become a different business.

Growth and monetary success is key to most business ventures. However, to the designer/maker business, creativity and the product is of prime concern.

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228 The Crafts and the Economy, Crafts Council 1995
229 Portobello Business centre- starting a Business. [www.pbc.co.uk/starting.html]

Designer maker businesses are in demand, the designer economy is growing at a faster rate than the mainstream economy[231]. In education the number of courses and colleges are also growing and there are good job prospects at the end of these courses for the graduates:

> Britain s Art Schools are booming, and so are the design industries that feed off of them. Art and Design courses are still attracting record numbers of students, and remarkably, the art and design industries are still offering more and more jobs. [232]

At the start of a new designer/maker business, there is no way of knowing who will be the Philippe Starke or Tom Dixon of the future, or which designs will go into mass production and which will be produced by an individual designer throughout his/her career. There is a huge difference between the mass produced designer product and the one off designer made item. One can influence the employment of hundreds or thousands of staff, the other affects an individual. However, there is rarely any difference at the conception of these businesses. How the business grows can be affected by any number of issues, [price, quality, design impact, originality, usability etc].

This project aims to see if more can be done in those very first stages to not only encourage the future Starcks and Dixons of tomorrow, but also the ceramicist who will design and make individual pieces throughout his/her career never employing anyone.

It is evident that I am not the first to appreciate the importance of these businesses. Other research projects have looked at new art and designer maker business issues and art, craft and designer graduates and their work has been used to back up my own findings[GIB, Destinations and Reflection]. The government has also foreseen the importance of these businesses [Creative Industries Mapping Document] and supported a number of projects through the DTI - many new designer/maker businesses have benefited from this help [e.g. supplemented trade shows abroad].

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[230] D.J. Storey Understanding The Small Business Sector Routledge 1994
[231] Mapping Document
[232] Designer Economy The Economist October 28th 2000

Having run a successful businesses myself — I have experienced in this field. In interviewing and questioning many other successful businesses many issues have arisen and these will be discussed in the Findings chapter.

5. Success factors of Micro Businesses in the Creative Industries

5.1. Introduction

Once a new business has been established then the designer/maker will look to grow and develop the business to make it successful. Some businesses will have ambitions to grow into a large company while others may see success in developing their own product — but keeping sole control on their product development. Is it, therefore, possible to define a successful business? What skills does the designer/maker need to run a successful business and where do they acquire these? For example, how and where is the knowledge gained to run such a business: while in education? Whilst working for others? During the development of the business? At the outset of running the business, is the aspiring entrepreneur likely to have the required qualities needed to run a successful business?

This chapter has been difficult to reference and where the discussion can be strengthened with quotes from interviews with designer/makers, they have been used. [Further information about these interviews is in the Methodology chapter that follows.]

As we have seen the Crafts Council state that *46% for women and 54% for men are still in a craft business after 10years* [233], as many as 95% of those who have been awarded Start-up grants are still in business after 5 years[234]. However, VAT statistics show that as many as 55% of new businesses will not survive the first five years.

Are these designer/maker businesses that much more successful than any other new SME, and if so, why?

5.2. Development of the Business

Employing more staff, reaching more customers, increase in turnover and development of the product, are all routes associated with business growth and, therefore, success. For the art and design business considering growth may be a very different issue than for the majority of businesses. The product will evolve and the business may require help to produce the

product but it is often in the product development rather than staffing or even turnover that accounts for a design businesses success. For the banks this may be difficult to comprehend — they can only assess success through increase turnover. However, it may be the choice of the designer not to increase his turnover once they have reached an amount that gives them a reasonable income [note: this amount is difficult to quantify as it is a personal view — Crafts Council put average annual wage of designer maker at about £27,000] . An increase in turnover can add additional problems to the business - VAT, PAYE can all cause an unnecessary burden on the designer. Many designers are happy if they can make a reasonable living and have no further ambition. Richard Baxter[235] Potter says

> The level [VAT] has always gone up way ahead of me. Its something like
> £50,000 now. My turnover is, I m guessing, about £27,000 or something, of
> which quite a lot is expenses. I don t earn anything like an average wage, but we
> do all right.

Most businesses expect to grow but often the designer business will not accept help to produce their product, the artist/designer insisting that the work must only carried out by themselves. GIB shows that the reason most designers questioned for their research, set up a business was to remain in complete control over the creativity of their product - the financial reasons were often not considered an important issue. This means that although the business can grow by building its customer base, it can only reach a certain limit of growth as the designer can only produce a limited amount of work in a given time. If the product is successful the price can of course rise and it is in this way the growth of the business may be realised. Many of these businesses are sole traders and may never intend to employ staff and this obviously limits the growth of the business in terms of productivity.

Growth is considered important to all business, although different businesses view growth in different ways. It would appear that to the majority of designer/makers it is not the most important factor for running a business. Bridge et al [236]

> Even among those entrepreneurs who seek growth, significant numbers would
> appear to seek only moderate or limited growth. They may reach a stage or
> plateau, described as a comfort zone, at which the owner is satisfied with his or

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[233] Crafts In the 1990s, Crafts Council 1994
[234] The Crafts and the Economy, Crafts Council 1995
[235] Interview with Richard Baxter Potter appendix pg. no. 6

[236] Simon Bridge, Ken O Neill & Stan Cromie, Understanding Enterprise, Entrepreneurship & Small Business, Macmillan Business 1998Macmillan Press1998

her condition and the costs of pursuing continual growth exceed the expected benefits."

5.3.   A Successful Business

It is difficult to define a successful business - what is successful ? Finance, employment and growth are important features defining a successful business and are most commonly used by writers on the subject [Storey, Stokes, Bridge et al, DTI, Bank of England]. For financial institutions, the monetary side of the business is their prime concern. The government, however, uses employment as the tool to define success [hence the use of the term SME to define business size]. Growth applies to either finance or employment or both in assessing a businesses success.
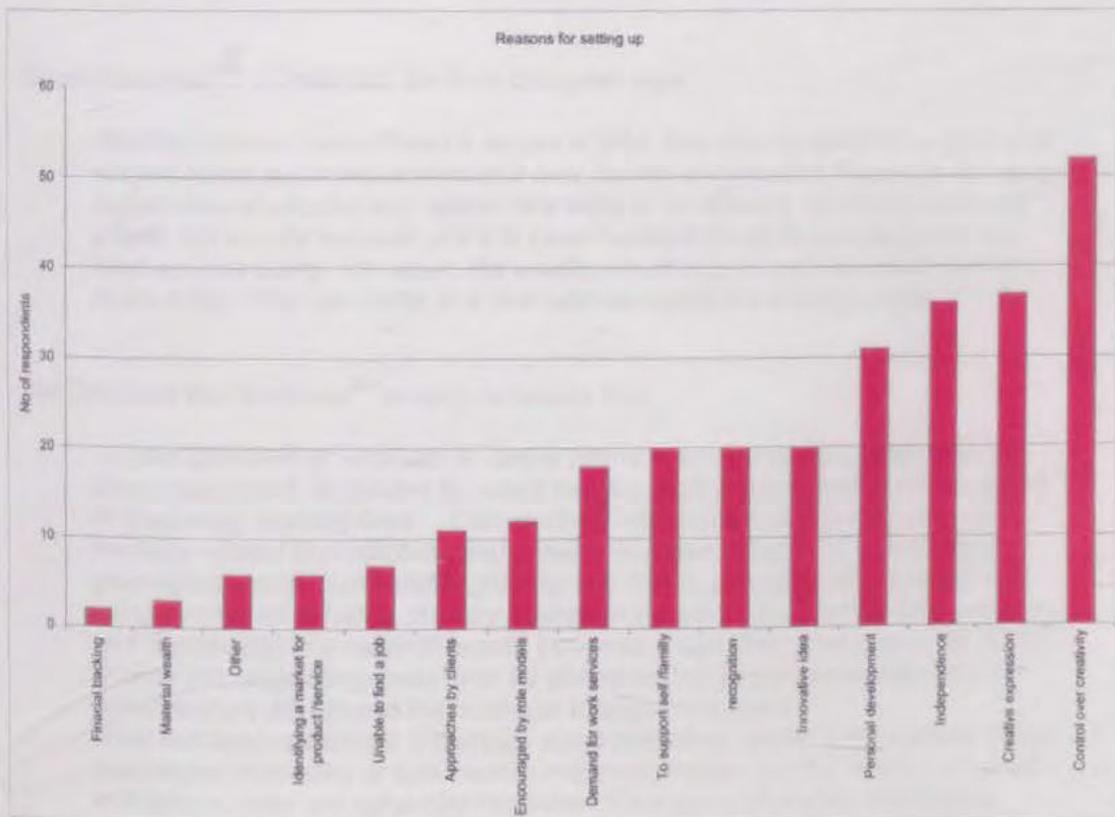
Chart 17 Reasons for setting up in business in the arts and crafts creative industry. [237]

Both finance and employment are important to the wealth and growth of the country, but is there more to the success of a business than just these key factors?

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[237] Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999

For the majority of SMEs these factors may be the prime reason for starting up. However, for the designer/makers, who make up a very small percentage of all SMEs, most falling into the micro category, they are not. The GIB chart16 above shows of those interviewed for the project, that the control over their own work is the main reason for setting up on their own. The interviews with designer/makers support this view, as does the researchers own business experience.

Jessie Higginson[238] [Ceramicist] says:

> Being a maker is unlike any other business because it is not based on financial gain or money. I work all the hours and neighbouring businesses think I must be making a good profit, but it has taken time for my income to cover my outgoings. There needs to be constant development of new work and this means constant risk and expense.

Simon Springfed[239]: [Tintab Ltd, furniture designer] says:

> Getting started- I was offered a couple of jobs, but was not excited by them and wanted some autonomy and control over my life and creative decisions so being self employed was the only option. We want to be efficient, strategic and profit driven, but we are romantic and it is based around life-style and passions and what we love doing We would like weekends off and to work less than thirteen hours a day. That can come in a year and we would like a living wage.

The Graduate into Business[240] project considers that:

> A new definition of success in career terms in art and design, other than full-time employment, is needed to reflect the true multi tracking and portfolio nature of graduates working lives. ...Conventional models for business success are normally related to profitability and growth. Success equates to sole traders growing into micro businesses, growing into SMEs, providing employment and using a range of services, thereby having an impact on the surrounding economy and contribution to a national growth business sector. The next step is for SMEs to grow into large companies or to be absorbed into larger businesses and the entrepreneurs who began the business to begin new ones.
> What our research shows is perhaps some rethinking needs to take place. Micro-businesses consisting of sole traders and partnerships are the norm in art, craft and design. They are refractory not linear. They are sustainable and lifelong. They remain small, have distinctive characteristics embodying a set of lifestyle values, engage in a diverse range of activities, and the owner-managers innovation in their practice.

One definition of success is if a designer/maker is achieving their aims — to design, produce and sell their product. Even if the turnover barely covers their expenses, and the designer is

[238] Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999
[239] Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999

subsidising the business with extra work, it can be described as a successful business if it falls within their own goals of what they hope to achieve. These goals are not, however, used as successful descriptions of business by politicians, banks or writers on the subject [Storey, Stokes, Bridge et al].

Coates[241] [following many interviews with fashion designs] says:

> Business can bring some short-term rewards. These tend not to be the financial ones, which take much longer. For the first few years, if you are lucky, it is likely you will be happy, fulfilled and broke.

And Stokes[242] author of Small Business Management comments on new entrepreneurs

Desire for independence:

> A trait which is commonly recognised as prevalent among entrepreneurs and owner-managers alike is their strong desire for independence, the freedom to create their own futures. This can be linked to their internal locus of control: belief in their ability to control their own destiny can lead to a desire for the necessary independence to make it happen their way.

Sara Williams Small Business Guide[243] states that a business is more likely to be successful if it fulfils three criteria:

1. The people involved realistically access their strengths and weaknesses and try to overcome shortcomings. This could apply to you alone if your business is as a sole trader.
2. The idea and the market for it has the necessary growth potential and you have experience in that market.
3. Financing is sufficient to cover the shortfall of working capital, especially in the early days.
   You will fail if your operation does not match up well to the three criteria mentioned above.

But some more specific examples of likely causes of failure are:

- Overestimating sales and underestimating how long it takes to achieve them.
- Underestimating costs
- Failing to control costs ruthlessly
- Losing control over cash, that is, carrying too much stock, allowing customers too long to pay, paying suppliers too promptly
- Failing to identify your market because of inadequate market research
- Failing to adapt your product to meet customer needs and wants
- Lacking sufficient skills in one of the following areas — selling and marketing, financial, production, technical
- Failing to build a team which is compatible and complementary, if your business is on a large scale
- Taking unnecessary risks
- Under pricing

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[240] Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999
[241] Designer Fact File, Caroline Coates DTI 1997
[242] David Stokes. Small Business Management, DP Publications. 1995
[243] Sara Williams Lloyds Bank Small Business Guide 1996 Edition

New businesses started by graduating art/ design students may not have had training in any of the above. Although many of the attributes required might be considered life skills, there can be a steep learning curve if mistakes are made by not assessing situations [such as those mentioned above] correctly. Business studies while still in education are becoming more common. GIB[244] feels that

> Higher education should be providing active learning activities that enable students to rehearse and explore the experience of self-employment within a supportive and informed framework, as an integral part of their personal development .

Many of the agencies, [Business Link, TECs, etc] offer ongoing help with business development and growth. This can be government sponsored or often requires financing by the business.

The manager of a large business has to answer to a number of people, often using professional sources for advice. However, the small business manager has few sources and is more likely to follow his inclinations and rely on his own experience. [Bridges et al[245]]

5.4.   Failure

As we have seen, many businesses do not succeed. However, throughout the research it was felt important to try to find small designer/maker businesses that have gone into involuntary liquidation. This was felt to be necessary to discover why it had happened - cash flow, or other circumstances. In the researcher's own area, fashion, a number of small businesses disappeared through the recession of the early 1990s. Many just closed down voluntarily, rather than being forced into the situation by the banks. This research has not been able to uncover one business to interview, in the creative industries with reference to their failure. There will be ex-designer/maker businesses that have had no alternative but to declare themselves bankrupt. However, this research has only found business that chose for one reason or another to close down, the decision not being forced upon them. The researcher chose to close down her business for a number of reasons. The main reason for this decision was that the market was disappearing. When Kay Originals! childrenswear business had

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[244] Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999

started in 1985 there was an independent childrenswear shop on most high streets in the country. As the large chain stores added childrenswear to their collections the small independents could not complete and gradually closed down, often owing Kay Originals! [and other manufacturers] a great deal of money. It was clear that these shops would never reappear; one way forward may have been to take the production out of the UK and therefore, reduced the prices. However, it was at decided to close Kay Originals! down.

A business that closes down voluntarily, rather than one that is forced into this position cannot be defined as a failure. There are a number of reasons why this might be the case; the owner may just want a change of direction, the business may have been sold on, the owner may wish to retire or the market may have changed.

The Bank of England[246] states,

> Small firms have a higher probability of ceasing to trade than larger firms
> [Ganguly P, UK Small Business Statistics and International Comparisons 1985].
> There is no evidence to suggest that this is because small firms are more
> vulnerable to changes in trading conditions, although this is widely believed to be
> the case. However, there are other factors, apart from insolvency, which might
> explain these lower survival rates, including the retirement, return to
> employment, or death of self-employed business owner, and low expectations of
> future success.

> In the majority of cases, small businesses will close without banks, and other
> finance providers, incurring any loss due to the non-repayment of a
> loan/overdraft. [It has been shown that business closure was 12 times more
> likely than entrepreneurial bankruptcy Storey DJ Firm Size and Performance in
> Acs and Audretsch [Eds.] The Economics of The Small Firms: A European
> challenge, Kluwer Academic Publishers.]

5.5.   Growth

The Governments Competitive White Paper 1998 states as its goal,

> Britain s goal must be to reverse a century of relative economic decline by
> raising the sustainable rate of growth. To achieve this, more British businesses
> have to match the best in the world.

It adds,

> The UK s distinctive capabilities are not raw materials, land or cheap labour.
> They must be our knowledge, skills and creativity.

And,

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[245] Simon Bridge, Ken O Neill & Stan Cromie, Understanding Enterprise, Entrepreneurship & Small Business, Macmillan Business 1998
[246] Finance for small firms A sixth report Bank of England January 1999

Entrepreneurship and innovation are central to the creative process in the economy and to promoting growth, increasing productivity and creating jobs. Entrepreneurs sense opportunities and take risks in the face of uncertainty to open new markets, design products and develop innovative processes.

Stokes[247] from Small Business Management comments,

Those that grow are less likely to fail than those that do not. As a firm becomes larger its chances of survival improves. Staying small is not a good strategy, even though, many owner managers do not want their business to grow.

Growth is a term used to measure the success of an enterprise — as discussed - growth can be assessed in monetary or employment terms. Bridge et al[248] divide small businesses into three categories; those that are short lived, those that survive but remain small, and the third group, by far the smallest are those that achieve rapid growth in employment. However, Storey[249] states that

Our ability to predict, at start up, those businesses which exhibit rapid growth, remains limited, but once the business is in operation, forecasting improves somewhat. He adds, In the long term - say more than a decade — few businesses exhibit consistent fast growth. It is the failure of UK small enterprises to grow into large enterprises that may be at the heart of the country s long-term poor economic performance.

As a business grows, the probability is that the turnover increases and the company employs more staff. Storey[250] cites the evidence of Storey et al and of North and Smallbone,

Individual small firms which grow rapidly in terms of employment are strongly correlated with sales growth. Growth in employment is less clearly related to growth in profitability, which in turn can only be considered as a weak proxy for efficiency .

Most designer/maker businesses start small and remain small throughout their lives. Their turnovers are rarely high — [Crafts Council estimate the average turnover to be £27000[251]], GIB [chart 13, previous chapter], shows the most common to be between £10,000 and £20,000.

It would appear that the only way to run a small business is to strive for growth - The Governments Competitiveness White Paper[252] states,

The UK has more people who want to start a business than many other countries. We have talented entrepreneurs who have created world-class

[247] David Stokes Small Business Management, DP Publications. 1995
[248] Simon Bridge, Ken O Neil & Stan Crombie. Understanding Enterprise, Entrepreneurship & Small Business. Macmillan Press1998
[249] D.J. Storey Understanding The Small Business Sector Routledge 1994
[250] D.J. Storey Understanding The Small Business Sector Routledge 1994
[251] Crafts in the Economy. Crafts Council 1995
[252] Competitiveness White Paper www.dti.gov.uk/comp/competetive/main.htm

businesses. However, compared to the US, too few of these businesses achieve
high growth. They lack a competitive edge and their founders often lack the
ambition or capabilities to manage growth.
Too few people with innovative ideas and know- how come out of universities
and large businesses to start growth businesses.

However, the majority of designer/maker businesses are micro businesses and growth is not

always the prime objective for the running of the business. The creative business growth will

be seen through the development and addition of new or evolving products. Bridge et al[253]

comment that this does not imply a greater turnover, profitability or employment.

Vyakarnam and Leppard in A Marketing Action Plan, compare a business to a leaking bucket

In general, growing companies keep the leakage to a minimum. But they warn that:

> *Those companies who wish to tick over in a relatively trouble free way must take*
> *care that they are not lulled into a false sense of security. For their bucket is also*
> *leaking and in order to keep the business at the same level, they too will need to*
> *seek a modest level of growth.*
> They remind businesses that it is always possible to loose customers —
> *customer might cease trading with the business, leading to a loss of market*
> *share, or a lack of adequate emphasis on selling might just lead to lost*
> *opportunities.* Therefore, they suggest *for a multitude of reasons all companies*
> *must seek growth and expansion at some level, however modest, if only to stay*
> *where they are.*

David Stokes classification system below sites the Artisan as a passive owner [as opposed to

a opportunistic owner] who has low growth objectives. It is interesting to see where he

pitches the designer compared to others setting up a business. The chart emphasises that

the designer s real incentives are not financial but   personal autonomy and work satisfaction .

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[251] Simon Bridge, Ken O Neil & Stan Crombie. Understanding Enterprise, Entrepreneurship & Small Business.
Macmillan Press1998

Growth objectives	Identity	Personal values
LOW GROWTH Passive owner- managers	1. The Isolationist	• Escapism from the market economy • Maintenance of acceptable lifestyle • Business seen as means to an end
	2. **The Artisan**	• Personal autonomy • Work satisfaction from quality of product and personal service • Ability to choose workmates
	3. The Manager	• Seeking recognition by others of own managerial excellence • Security and long term planning
	4. The Technocentric	• Attachment to a given industrial process and its potential for development; • Managerial orientation
	5. The Marketeer	• Business goals ends in themselves • Less importance on nature of business, more on customer satisfaction
HIGH GROWTH Opportunistic owner-managers	6. The Classical entrepreneur	• Great importance on profits and earnings • Satisfaction from success of risk taking

Table 13 Example of personal identities and values that condition the growth objectives of the owner-managed business [254]

The government looked at problems facing small business growth in their Competitiveness White Paper [255]:

> The Government will also address deficiencies in entrepreneurial skills through the business advice services provided through Business Link partnerships. It will make funds available to Business Links to support innovative start-ups with real growth potential, including one-to-one specialist help. The Government target is that at least 10,000 businesses a year will receive such support by 2001. This is in addition to the work Business Links already do with 8,500 different businesses each week. Independent research has found that businesses which have received advice from Business Links have significantly increased their turnover, profits and export performance.

The businesses that will receive help from the above scheme will only be those show real growth potential , this indicates that help will not be forthcoming for the new business that intends to stay in the micro business category.

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[254] David Stokes. Small Business Management, DP Publications. 1995

Storey[256] confirms this when he says:

> The governments of the day have encouraged the development of small
> businesses to combat unemployment. Not only does the new business
> entrepreneur often remove himself from state financial assistance but also there
> is the strong possibility that as the business grows he will employ other
> unemployed individuals. Therefore the government tend to consider the size of a
> company in terms of employees as it key instrument for success.

The above statement implies that the designer/maker can expect little support from the government agencies. Most small firms [in all sectors] stay small for a number of reasons; the designer/maker may feel that by employing others he is loosing creative control of his own work. Even if this is not the case, employing staff requires extra work and expense, it may be easier and cheaper to contract work out or use self-employed workers to fulfil particular tasks when the need arises. Contracting out encourages employment of other similar new micro enterprises. Employing workers can be a stressful experience and is not a role that everyone aspires to.

Storey[257] stresses the importance of growth for the small firm:

> There are a high proportion of firms which are likely to cease to trade in the
> short term. There are also firms which today are small, but are moving rapidly
> towards becoming medium sized. Even so, the numerically dominant group of
> small businesses are those which are small today and, even if they survive, are
> always likely to remain small-scale operations.
> A tiny proportion of small firms which plan to and achieves rapid growth in
> employment. This group of firms is of interest for a number of reasons.
> The first is that they are the major direct providers of new employment
> opportunities
> Secondly, fast growing small firms are of interest to providers of finance
> Thirdly, as accountants, management consultants, etc. because they are more
> likely to be seeking a wide range of advisory services
> Our prime concern is upon businesses which grow rapidly - many small business
> owners may be owners of more than a single business. . virtually 80 per cent
> of the directors of fast growth firms owned other businesses. Portfolio owners
> are therefore of key importance.

It would appear that Storey believes the designer/maker is, therefore, of no interest to the policy makers looking at new business development, as most do not aspire to growth in employment or financially.

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[256] The Competitiveness White Paper HM Government 1998 www.dti.gov.uk/comp/competetive/main.htm
[257] D.J. Storey Understanding The Small Business Sector Routledge 1994

However, Stokes[258] argues

> It is often assumed that to be truly successful a small firm must manage the transition into a larger company. Small business is, after all, the seed corn for tomorrow s larger enterprises; many of our industrial giants will disappear to be replaced by today s fast growing small firms. Success is inextricably linked to growth.

But he adds - *Unfortunately this narrow view of success consigns most small businesses into the category of unsuccessful . The vast majority of businesses do not grow beyond their classification as a small firm .Most small businesses do not develop into larger organisations .It is true that many fail; but many more simply establish themselves and survive as small businesses, without becoming larger companies in either size or organisational structure. VAT registrations show that 50% of all registrations are still registered after 5 years and 31% after 10 years. Other estimates show that 90% of VAT registered companies are small firms, indicating that survivors are more likely to be small.*

Stokes view is far more in line with the designer/maker business, and does not give the negative viewpoint expressed by Storey. If these businesses demonstrate, as statistics confirm, that they are long-term, then help in promoting this style of business in a positive manner, should be encouraged.

The banks and financial institutions are more interested in the bank balance of a business, than by the number of employees. For them it is the possibility of lending money for growth that is of prime concern. However, in the annual report by the Bank of England[259], Finance for Small firms , they show that fewer businesses require initial loans to start up, most have raised the requirement themselves: -

> Small Businesses are now more appropriately financed than in the 1980s, accessing a wider range of financing sources. They are no longer so dependent on overdraft financing and are more reliant on committed funds, with fixed repayment steams.

The Banks are a business they are required to make a profit like all successful enterprises. They assess a business through their bank account — the regular turnover of deposits and payments, money paid in and out of an account. All generate income for the bank, and regular deposits can support loans and overdrafts and not run the company into unexpected debt. The bank will assess the stability of a business through its bank account.

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[257] D.J. Storey Understanding The Small Business Sector Routledge 1994
[258] David Stokes Small Business Management, DP Publications. 1995
[259] Finance for the Small Firms, A Sixth Report, Bank of England January 1999

For the banks, monetary terms are associated with success. If the business does not look a success on paper, a bank is very unlikely to agree to work with them, even if a loan is not required.

The annual turnover of the business, is commonly used, however, this is not always a good key to success — the profit margin, is a more reliable factor.

The Bank of England[260] report goes on to say

> The quality of the small business stock is generally higher now than in the late 1980s. In the 1980s, a combination of government policy and more relaxed credit criteria on the part of the banks resulted in a large number of small businesses being established that proved not to be viable in the long term. The result was a substantial rise in business failures as the economy turned down. Since the last recession, it has been generally acknowledged that: Small firms today are more professionally managed — by people with more business acumen — and are assisted by a wider network of support agencies.

It is clear that the advisers of new enterprises see growth as the key feature to aid survival.

The creative industries are made up chiefly of micro and small businesses, and these businesses are likely to remain in that category for their lifetime. They are however, not as likely to fail, as the figures for all SMEs would suggest [approx.50% DTI]. They are therefore, successful enterprises.

5.6.   Why stay small?

> The differences in the administrative structure of the very small and very large firms are so great that in many ways it is hard to see that the two species are of the same genus . We cannot define a caterpillar and then use the same definition for a butterfly. Penrose 1959[261]

The small business is very different from the large business and the two cannot be compared. While a business remains a micro or a small business, the owner can remain in complete control. However, if a business grows from a small to a medium size, business the structure will change and the owner will have to delegate work to other managers as it becomes impossible for him to control a large number of employees and the increased workload. With

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[260] Finance for small firms A sixth report Bank of England January 1999
[261] Simon Bridge, Ken O Neil & Stan Crombie. Understanding Enterprise, Entrepreneurship & Small Business. Macmillan Press1998

this delegation comes the obvious necessity to relinquish total control of the business, this is

contradictory to many designer/makers philosophy. Bridge et al[262] comment that

> *Growing a small business needs resources, especially funding; it needs*
> *management delegation, co-ordination, systems and control; and it needs more*
> *sales, which in turn come from new products or markets.*

Although the majority of designer/maker businesses will stay small, this is not always the

case. Some grow and become success stories and major employers. James Dyson, winner of

Designer of the Decade , design week magazine awards, launched his company in 1993

having had his new concept for vacuum cleaners rejected by the industry. From a handful of

employees, he has built the company to 1025 employees. [Design Week [263]]

The Government would clearly classify Dyson as a success; he has developed a successful

British business that has international renown.

Without growth the business can still survive as we have seen through GIB and the Craft

Councils figures — these businesses do not have the worries of employment issues,

investment worries, and, except for an occasional meeting with the bank manager — no-one to

answer to. They can be described as a lifestyle choice, and by those who run them, seen as a

success.

5.7.   Lifestyle choice

Many designer/maker businesses are a lifestyle choice made by the owner, achieving a living

by working to their own agenda, often with no responsibilities to anyone except themselves,

particularly in the early days of start up. The ability to produce their own work, of which they

have complete control, outweighs the need to earn a larger salary working for someone else.

Bridge et al[264] comment

> *A life-style business is the description often given to a business run by an*
> *individual because it not only facilitates, but is also part of, the lifestyle that*
> *individual wants to have. Examples of lifestyle businesses are frequently to be*
> *found in art and craft businesses where the owner lives to practise that craft*
> *rather than only practising that craft in order to live.*

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[262] Simon Bridge, Ken O Neil & Stan Crombie Understanding Enterprise, Entrepreneurship & Small Business. Macmillan Press 1998
[263] Special Design Awards, Design Week Magazine, March 1999.
[264] Simon Bridge, Ken O Neill & Stan Cromie, Understanding Enterprise, Entrepreneurship & Small Business, Macmillan Business 1998

However, those outside self-employment often see this as an easy option, working only when you choose too — this is rarely the case, as with the commitment of working for yourself comes long hours and very little financial reward at the initial stages.

P Burns & J Dewhurst[265] in "Small Business and Entrepreneurship" echo this view:

> The majority of small businesses could be described as lifestyle businesses, and are operating with the sole purpose of providing the owner/manager with income that is considered to be successful, and perhaps more importantly, a lifestyle that is felt to be comfortable .

Lifestyle has in the past created a vision of the individual living and working in rural environments, the epitome of whom was perhaps, Bernard Leach the potter, who worked from the 1920s to 1970s in a rural community outside St Ives in Cornwall, building a pottery school. He built his own kilns and developed an alternative lifestyle, with other artists of the day including Ben Nicholson and Barbara Hepworth.

> St Ives pottery 1920 s set up following his [Bernard Leach] return from the far east where he had been studying the traditions of old craftsmen. Our object is to turn out genuine handicrafts of quality rather than quantity. The former is difficult to find now in England. [266]

However, we have seen this is no longer the case and that creative businesses are in their highest numbers in and around London and other large towns and cities.

Of those exhibiting at the prestigious Chelsea Crafts Fair [retail show] the catalogue for 1999 shows about half came from London; about 25% came from other cities and 25% from rural addresses. [Approximately 125-130 exhibitors.] Although the show is in London and therefore, possibly attracts more exhibitors from the city, other exhibitors came from as far away as Scotland, Wales, Ireland and the show included exhibitors from Holland, France, Germany, Finland, New Zealand and USA[267]. 350 companies exhibited at 100% Design wholesale trade show, which is held annually in October in London. Of those exhibitors showing in 2000, 190 [54%] were from London. Foreign exhibitors included designers from Italy, Japan, Belgium, Holland, USA, France, Austria, Thailand, Spain, Denmark, Sweden, Germany, Canada and Korea.[268]

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[265] P Burns & J Dewhurst [editors] Small Business and Entrepreneurship, Macmillan Education Ltd 1990
[266] The Leach Legacy — St Ives Pottery and its Influence, Marion Whybrow. Sanson and Company 1996
[267] Chelsea Crafts Show Catalogue 1999

In the urban environment the designer can mix with other like-minded people, visit exhibitions

and keep in touch with current affairs in their field. It is also easier to find part time work to

support their income, often by lecturing, although some designers may work in areas outside

their subject to supplement their income. Their customer base is also larger in the towns and

cities than in rural areas.

5.8.   Skills required to run a successful business

Being able to design and produce the product is not the only skill required to run a business.

Suddenly, the owner must take on a variety of jobs, many they may never have encountered

before. The GIB[269] states that

> It is important for craftspeople starting to realise that it does not happen
> overnight. It takes time to build up skills to make and market your work to a high
> enough standard. You have to be a designer, maker, book-keeper, PR,
> photographer, technician, cleaner and it takes over your life.

The Competitiveness White Paper published by the government in 1998 [270] confirms that

entrepreneurs may fail to realise the potential of their ideas because they lack the necessary

skills required to run a business. However, Rt. Hon Stephen Byers[271] MP Secretary of Trade

and Industry suggests

> Good design is a key factor in business competitiveness in the global economy.
> We cannot seriously expect to compete on price. But we can win business on the
> strength of our creativity, skill and design capability.

Sara Williams[272] in her small business guide says

> The greatest determinant of the success of your business is you, your character
> and skills. This you must believe if your business is to have any chance of
> prospering. The type of person who blames external factors from failure and
> believes that their own decisions have little impact on the course of future events
> is not suited to building a business.

Further advice from Sara Williams[273]:

> Lying ahead of them, maybe for a number of years, is the unknown: financial
> insecurity, long working hours, long-term financial obligations and, at the end of it
> all, possible, or even probable, failure.

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[268] 100% Design Catalogue 2000

[269] Graduate into Business respondent. Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999

[270] Competitiveness White Paper HM Government 1998 www.dti.gov.uk/comp/competetive/main.htm

[271] DTI design Policy Unit Source: Launch of the Yorkshire European region of Design excellence 1999 www.dti.gov.uk

[272] Sara Williams Lloyds Bank Small Business Guide 1996 Edition

As well as designing and making a product, the owner of the new business must find time to complete many other tasks just to keep the business running. These tasks take time and the designer/maker can find that they spend less and less time doing what they set the business up to do and more time just undertaking essential tasks. The governments Creative industries Mapping Document[274] published in 1998, sees this as an important issue to be highlighted:

> Craftspeople in the main operate as sole traders and therefore experience the difficulties common to many small businesses: inability to focus on the creative element of the business because of the need to devote time to management issues; problems with recruitment where one employee can swallow up all a business s profits; difficulty getting access to expertise in areas outside the creative field; the cost of effective promotion or marketing. In addition, few craftspeople earn an income commensurate with their extensive training, skills and the long hours which they work. The flexibility of self-employment and fulfilment gained from the creative process are seen as compensatory.

The most important extra skills required include,

<div align="center">

Basic Accountancy

Salesperson

Communicator

</div>

[Although others are needed - these are fundamental to the business working]

5.8.1.   Basic Accountancy

> Whether you like it or not, you will have to understand money, its power and how it can work for you...Money must not control you, you must control it.
> Coates [275]

Initially the owner will have to undertake a variety of tasks often alien to them, when they start their business. Organising and running a budget is probably the first and most important ability required. It cannot be overlooked, as even if the business does not grow, it must make a profit to survive. This skill is very different from the organisation of personal finance; records must be kept for every transaction. Costs of products must be assessed; profit margins and pricing policies must be initiated.

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273 Sara Williams Lloyds Bank Small Business Guide 1996 Edition
274 Web page www.culture.gov.uk Crafts page
275 Designer Fact File Caroline Coates DTI 1997

The Trade and Industry Sixth Report on SMEs[276] comments that *two out of three business failures were caused by lack of financial management skills* . It argues, *All small firms could do more to manage their finances effectively* and notes that a variety of sources of support existed.

Storey[277] comments on *Financial awareness amongst small business owners* , he cites the work of Nayak and Greenfield [1994] who examined 200 micro businesses in the West Midlands. They found that only 34% used any form of budgeting and that most financial information was only kept in the head of the proprietor. However, The Bank of England Sixth Report 1999[278], paints a brighter picture of those entering self-employment since the recession of the early 1990s. They comment that *Small firms now appear to be more appropriately financed than in the early 1990 s.* and add that not only are the financial providers more cautious about who they lend too, but also the small firms are more cautious about money borrowed. They conclude *small businesses are now run by people with more business acumen than in the last recession.*

Note: Now that the student grant is no longer in existence, and students are required to take out loans to finance their education, it will be interesting to see if the number of students setting up their own businesses diminishes. Students graduating today have an average of about £10-£15,000 of debt to re-pay once they start working. If the designer/maker business is already being subsidising by themselves in the early years, it will be very difficult to add the loan repayments to the running costs of a new business. The banks are less likely to support a further loan for setting up a business if the student loan is still outstanding. If a student does set up a business, the initial takings will be required to invest in the business development, and not to pay back the student loan. Only time will tell, but the researchers own experience of teaching graduating students, is that their first wish is to rid themselves of the debt by taking any form of employment. There may be fewer students willing to gamble with a new business until they have cleared their debts.

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[276] House of Commons — Trade and Industry, Select Committee on Trade and Industry Sixth Report, Small and Medium Sized Enterprises. March 1998 www.parliament.the-stationary-office.co.uk
[277] D.J. Storey Understanding The Small Business Sector Routledge 1994
[278] Finance for small firms A sixth report Bank of England January 1999

5.8.2.   Communicator — Salesperson

The businessperson must also be able to promote, sell and generally communicate on a professional level with many people: buyers, customers, banks, wholesalers, and suppliers. This is an essential skill for the business entrepreneur and yet not necessarily one that everyone naturally posses, it is also not an easy skill to learn or be taught. Bridge et al[279] comment on how important this is,

> One skill often overlooked is communication — the ability to relate to and exchange appropriate information with the people who matter to the business, including staff, suppliers, customers, funders and advisers. It has been suggested that the pre-start training, namely finance, accounting/book-keeping, marketing/selling, etc are secondary skills and that the core skill is communication. Communication is necessary in all aspects of small business development and is of particular relevance in building up and using an appropriate personal network of contacts.

Chaz Nandra[280] comments on communication,

> I honestly believe that a design education doesn't prepare you— being good is like 30% of the equation the rest of it is your ability to deal with others and college doesn't teach you that.

5.8.3.   Other Skills Required.

Whilst running the business, the owner will [especially if he is a sole trader] find himself undertaking very many different tasks. He is now a manufacturer, salesperson, accountant, cleaner as well as a designer. Jessie Higgson[281] comments

> I learned a lot at college to do with making and designing, but it comes as a shock to become self employed because suddenly you have to design, make, price, sell, do the book keeping and admin, maintaining equipment and look after the workshop.

All these tasks take time and s/he must not loose sight of the original goals. Keeping up to date with current trends is essential to keep the business innovative and hopefully commercial. But often the main reason for starting the business can be pushed into the background, while all the other tasks are being taken care of.

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[279] Simon Bridge, Ken O Neil & Stan Crombie. Understanding Enterprise, Entrepreneurship & Small Business. Macmillan Press1998
[280] Interview with Chaz Nandra product designer

Stokes[282] point out that

> Once established, small firms can also lack innovation entrepreneurship.
> Owner managers are invariably close to the day-to-day problems of their
> business as it grows — often too close to see opportunities or the need for
> change. Small business management can easily become a reactive process in
> which new ideas are pushed out by the need to cope with more pressing
> realities. In these circumstances, the entrepreneur has to adapt and react, rather
> than direct and create.

5.8.4. When does the entrepreneur acquire these skills?

Different people have different skills when they set up in business. It is for this reason that

partnerships are popular, as each partner contributes something different to the business. If a

new entrepreneur has undergone work experience or worked for a similar, but more

successful, company - they will get first hand experience of how the design business works.

This is excellent experience when the person sets up on their own. If, however, they have

never worked with a similar business they may not have some of these skills, learning them

on the job will be their first experience.

Jewellery designer Juliet Thomas[283] comments on her business skills,

> I think looking back on the business, I learnt so much in such a short period of
> time. I think having a business you just learn continuously, having a job is
> completely different.

Coates[284], whose designer fact file was written from her own experience of running a fashion

business, as well as documenting many others in the same field, highlights the importance of

prior experience.

> Unequivocally, all respondents advised that fashion designers must get jobs
> and experience before setting up in business. This can vary from person to
> person but 3-5 years was thought to be an average postgraduate
> apprenticeship.

5.9. Conclusion

The designer/maker can run a successful business even though these businesses rarely fit

the descriptions documented on SME success. [Turnover, employment and selling on of a

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[281] Graduate into Business respondent. Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999

[282] David Stokes. Small Business Management, DP Publications. 1995

[283] Interview with Juliet Thomas appendix pg. no. 36

[284] Designer Fact File Caroline Coates DTI 1997

business.] Few designer/maker businesses grow bigger than a micro businesses [under 9 employees]. A business that can run for over five years must be classified as successful. Many of these designer/maker businesses are lifelong, sometimes they are subsidised by other income usually by work in a similar field such as teaching, sometimes in non-connected areas.

It is difficult to assess where designer/maker entrepreneurs gain the information and skills required to run a business. GIB is striving for the Art & Design student to be given more relevant business information while still in education. However, at the GIB conference one of the delegates [a furniture maker] commented that had he had the relevant information taught to him at college he was unsure whether he would have realised its importance. It was only once he was running his own business that the reality of business management had struck him. Students can gain important business knowledge by working for similar small companies while still in education on work experience placements. Even after graduation, many students undertake work experience with businesses in their chosen field.

Agencies and organisations have been set up to help with business development and growth. Agencies can be contacted by small businesses and may be able to offer help relating to specific problems. Sometimes the help is free, but not always. However, is the information on offer as useful or relevant to a designer/maker as it is to a technology entrepreneur trying to build an empire, and will an agency be as keen to help the business that does not anticipate employment growth? Will the agency understand the philosophy of such a business?
The designer/maker business has a very different agenda to the majority of small businesses; however, although the government have seen their benefit and this is documented in the Creative Industries Mapping Document of 1998 [updated 2001] their analysis of success is still in Employment statistics and turnover.

Few designer/maker businesses fail, many just decide to close down and move into other work. Many employers see the experience of running a business as a very important asset.

6. Methodology

6.1. Introduction

The aims and objectives of the research are outlined in this chapter and a description of how the research was undertaken is presented. The advantages of different research methods used are discussed, as is the analysis of the collected data.

6.2. The project

It is not an easy process to set up and run any type of business. As we have seen, much has been documented about the rise in SMEs in the late 20th Century. There have been a number of different agencies set up to help the new entrepreneur with advice and sometimes financial assistance.

New businesses in the creative industries have different objectives to most new enterprises. The owners are generally more concerned with creative fulfilment rather than financial rewards. However, help is often still required, particularly in the early years. What help is there for these businesses and how useful is that which is on offer? Is there more that can be done to support these businesses, especially in the very early stages of business start-up?

One of the important questions this research hopes to uncover is where do these businesses find their customers? Do they know when they start the business how or where to sell their product? Without the customer, the business will not survive. What help is available to advise the new business which route to take to reach their customer and ultimately sell their product?

6.3. Aims and Objectives

The aims of the project are to assess if there is more that can be done to support and help creative businesses in the art and design sector particularly in the very early stages of start up.

From the annual HESA report[285] it is estimated that as many as half of all graduates in art and design will be self employed at some time in their working life. Patterns in employment have changed over the last 20 years; with short-term contracts becoming more commonplace and a job for life can no longer be expected. Creative businesses are proving to be lifelong and sustainable, although they often make up only a proportion of an income.

The main objectives of the research are:

1. To discover what experiences others had had in developing and running a business in the creative industries sector.

2. How they reached their customer — how had this developed or changed — had they received help with this aspect?

3. How to define these businesses [designer/maker].

4. To identify if there is more help required for these businesses — if so, what help is required and how it can be implemented?

5. To identify the problems this style of business encounters and if the same problems are common to all creative businesses.

6. To identify if the help available is being utilised by these businesses.

Much has been written about SMEs - their development and how to start up and run a new business. Less has been written about small businesses in the creative sector. However, many of the self-help books published [Lloyds, Guardian, Which guide, etc] on new business start up are of help to businesses in all market sectors, including creative businesses. The information in these books includes information on accountancy, marketing, business plan, premises, form of business etc. Like any other business, however, creative businesses still require customers. How do they make the decision as to how to reach their customer — is it knowledge driven or more trial and error?

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[285] HESA First Destinations of Student Leaving Higher Education institutions. 1997/98

6.4. Method used to research creative businesses

An important part of any research programme is the consideration of how the research will be conducted and what method the researcher will use. The methods of research depend very much on the type of research being undertaken.

Blaxter et al[286] suggest considering the following:
> *What are the advantages of the methods you have chosen?*
> *What are their disadvantages?*
> *What other methods might you use as alternatives?*

Moore[287] in his book *How to do Research*, suggests the researcher asks some basic questions:

> *What are you trying to achieve?*
> *What are the important questions?*
> *Who will benefit from, or be affected by the project?*
> *Why has the project been established?*

Different research methods are outlined by Yin[288] as:

Experiments, surveys, case studies, histories and analysis of archival material.

Whilst Moore[289] cites *survey, case study, experimental research, action research and evaluation research* as research methods. He recommends the case study approach when it is necessary to develop a detailed understanding of what is happening in complex circumstances.

Of the methods outlined above, the only appropriate methods that could be used to research the small business in the creative industries would be a survey or case study. Both methods have been chosen for this project. The other methods would not be relevant to the project: for example, experimental research may be appropriate if a conclusion is found and implemented. If that is the case then a survey to watch the progress of new businesses developing in this area will also be essential. The analysis of archival material is reviewed in the background of the project — although little is available on the creative industries. The survey approach has been used in the latter part of the research in the form of a questionnaire. However, the reason for the implementation of the questionnaire was only realised after the case study interviews brought certain issues to light. As this project requires

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[286] L. Blaxter, C. Hughes, Malcolm Tight. How to Do Research, Open University Press. 1996
[287] Nick Moore How to do Research, The Complete Guide to Designing and managing Research Projects. Library Association Publishing. 2000
[288] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[289] Nick Moore How to do Research, The Complete Guide to Designing and managing Research Projects. Library Association Publishing. 2000

a detailed understanding of new businesses, the case study would appear to be the most appropriate approach to take. One research project, which is similar and has been quoted in this research is the Graduate into Business Project, set up at Brighton University. This project was based on the questionnaire [survey methodological approach].

Researchers ask the questions who what where why or how. The How? and Why? questions are most appropriate for this project and the reasons for this are discussed below.

The case study concentrates on the how and why questions [Yin] [290].
Buchanan et al[291] confirm this:

> Case studies enable business researchers to answer the complex how and why questions, which they say puzzle managers and students who are curious about dynamic business phenomena.

They suggest,
> The case study approach can play a pivotal role in the testing or development and evolution of business theories.

However, they advise researchers to follow the seminal methodology designed by Yin (1981, 1994) to provide authentic and credible analytic generalisations.

Buchanan et al[292] state that a number of authors have tried to categorise case studies citing:

Shaw 1982:	Descriptive case studies -	study of outcome
	Analytical case study -	study of process as well as outcome
	Studies of Deliberation -	studying process directs attention to how changes are invented and brought about, not what changes are.

And Yin (1981) uses a similar description of case studies:	
Descriptive -	one that documents a particular action or series of action.
Analytical /explanatory study -	trying to explain or analyse the strategy that resulted in the particular business action.
Exploratory study -	undertaking a case study to understand the thinking or vision behind the strategy.

They suggest; the exploratory study, is the most difficult adding,
> A thoroughly researched descriptive case study is in itself a big challenge.

Commenting
> The challenge for the business researcher is to not jump to theory too soon.

Suggesting that
> Having accomplished a descriptive case study, our business researcher is now well placed to try to explain what went wrong (analytical/explanatory case study) and to explore why it occurred (exploratory case study).

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[290] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[291] Buchanan, Iyer and Karl in The Case Study in Business 1999 www.home.alone.net.au/bechervaise/DBAR3.htm
[292] Buchanan, Iyer and Karl in The Case Study in Business 1999 www.home.alone.net.au/bechervaise/DBAR3.htm

They conclude

> A business case study researcher is free to choose his or her own study
> boundaries .

Buchanan, Iyer and Karl in The Case Study in Business research[293] state both

qualitative and quantitative sources may be used for business research and confirm

that a variety of sources of material can be used [citing Yin s methods as above]. They

also cite Yin 1994 and Campbell 1975, to confirm the strength of a good case study:

> Properly executed with an established chain of evidence, multiple perspectives
> will provide the business researcher with a rich case study database from which
> (s)he may discern themes and notice differences, thereby enabling the pattern-
> matching which can establish meaningful relationships, and link the data to
> propositions and theory in an inductive process via explanation building.

This project uses the case study qualitative and the survey quantitative approach. It

was felt by combining two methods that the most meaningful outcome could be

reached.

The chosen method of research for this project changed and developed as the project

progressed. Initially the case study interview approach was felt to be the best tool to

accomplish the requirements of the project. As the interviews progressed, it was realised that

to achieve the most relevant outcome from the project, further methods of research would

reinforce the findings. Therefore, a survey of 114 creative industries was undertaken.

Moore[294] in his book How to do research states

> The essential thing is to be able to select the methods that are most likely to
> achieve the objectives of the research . Adding, It is possible to enrich your
> results by combining methods to give an added dimension to the research.

Another categorisation mentioned by Yin[295] and Buchanan et al[296] is whether a single or

multiple case study will be required and within the study whether single or multiple units will

be studied. This project falls into the multiple case study.

[293] Buchanan, Iyer and Karl in The Case Study in Business 1999 www.home.alone.net.au/bechervaise/DBAR3.htm
[294] Nick Moore How to do Research, The Complete Guide to Designing and managing Research Projects. Library Association Publishing. 2000 Moore How to do Research, The Complete Guide To Designing and managing Research Projects. Library Association Publishing. 2000
[295] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[296] Buchanan, Iyer and Karl in The Case Study in Business 1999 www.home.alone.net.au/bechervaise/DBAR3.htm

6.5.   The Case study — a good approach

Although the case study is regularly used for the research of many projects, it is not always

felt to be the most effective tool. Yin[297] comments in his Preface to Case Study Research

The case study has long been stereotyped as a weak sibling among social science

methods , but argues, however, that they are used extensively in this method of research. He

describes the case study as *a way of investigating an empirical topic by following a set of*

prespecified procedures.

Yin[298] in his opening statement of Applications of Case Study Research says that

> *Case Study Research continues to be an essential form of social science*
> *inquiry. The method is appropriate when investigators desire to*
> *a)   Define topics broadly and not narrowly,*
> *b)   Cover contextual conditions and not just phenomenon of study,*
> *c)   Rely on multiple and not singular sources of evidence.*

Buchanan et al[299] comment,

> *Case studies present data or evaluation data in an easily accessible format.*
> *Case studies are strong in reality, they are down to earth and certainly attention*
> *holding as they report actual behaviour _ but they can be difficult to organise.*
> *Case study is a non-disruptive research method. Case studies are often*
> *considered a step to action. A case study recognises the complexity and*
> *embededness of social truths. The case study researcher makes the case a*
> *case by carrying out the study.*

Yin[300] comments that case studies have been viewed as a less desirable form of enquiry than

either experiments or surveys. He says that one of the most common reasons for this

concern, is that:

> *Too many times, the case study investigator has been sloppy and has allowed*
> *equivocal evidence or biased views to influence the direction of the findings and*
> *conclusions. . Another concern is that they provide little basis for scientific*
> *generalisation . And finally, they take too long and result in massive, unreadable*
> *documents .*

However, Yin further argues that they have *a distinctive place in the evaluation of*
research .

Hartley in Cassel & Symon[301] says,

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[297] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[298] R.K. Yin, Applications of Case Study Research, Sage Publications, 1993
[299] Buchanan, Iyer and Karl in The Case Study in Business 1999   www.home.alone.net.au/bechervaise/DBAR3.htm
[300] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[301] Qualitative Methods in Organizational Research, A Practical Guide. Edited by Catherine Cassell and Gillian Symon. Sage Publications 1994

> *The strengths of the case study lies especially in their capacity to explore social processes as they unfold in organisations. By using multiple and often qualitative methods including observation, the researcher can learn much more about processes than is possible with other techniques such as surveys.*

She adds

> *Case studies are tailor-made for exploring new processes or behaviours or ones which are little understood. In this sense, case studies have an important function in generating hypotheses and building theory.*

With reference to case studies in Business Research Buchaman, Iyler and Karl[302] argue that,

> *Intensive methodologically sound case studies are not abundant within business literature. Academically rigorous practice or research literature, focusing on business issues or events, using the seminal and robust case-study methodology recommended by Yin (1981, 1994), is also rare.*

They add

> *It is the challenge then, of both practising business professionals and academic researchers in business issues, to marry the theory (flawless case study methodology) with well-grounded case study investigations which engage their readers to learn and take action.*

6.6.   Problems using the case study research method

6.6.1.   Bias

The questions for the case study interviews must be constructed not to create a bias in the answers given by the interviewees. Researchers must be careful not to influence the direction of the findings and conclusions. Yin[303] comments that the case study will be of no significance if the researcher uses it only *to substantiate a preconceived position* . He further states,

Investigators are especially prone to this problem . However, he comments that the research assistant is not likely to introduce bias into the research. This project has not used an assistant to help with the research as it was felt that by undertaking all of the interviews by the researcher was an important part of the development of the project. Later in the project, the researcher asked her own Fashion students to undertake interviews of small fashion businesses for a separate project they were working on. The students found the interviews very difficult to do and their questions were naïve in relation to new businesses. Only three of sixty interviews that the students conducted were of any back up use to the project.

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[302] Buchanan, Iyer and Karl in The Case Study in Business 1999 www.home.alone.net.au/bechervaise/DBAR3.htm
[303] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994

The strength of the work comes from the researchers own experience of running a business. Yin[304] confirms experience is useful when he states,

> During data collection, only a more experienced investigator will be able to take advantage of unexpected opportunities rather than being trapped by them — and also to experience sufficient care against potentially biased procedures .

It was felt that the researcher should not discuss her own business experiences during the interviews with designer makers, as this may influence their replies. However, often the interviewee was keen to be assured that the interviewer understood the problems that they had faced, particularly at the beginning of interviews. This kinship built up a trust between interviewer and interviewee that contributed to the honesty of the businessperson. Most of the businesses that where interviewed were not in the same field as the researchers [fashion] this meant that their experiences of business build up where very different.

To overcome bias in ones research Yin[305] also suggests that reporting the findings to colleagues for discussion should help overcome this problem. Regular meetings with other professionals throughout the project helped tremendously with the development, and have been invaluable to the progression of the project.

Buchanan et al[306] comment

> An external academic researcher has less concerns about his or her independence. At the same time our business researcher is more cognisant of the ethical issues than an inexperienced post-graduate student. Like the complexity of the case itself, business researchers often end up self-regulating their own ethical issues), juggling between the need to stand back and look at the case from a pure research/academic exercise and the realities of a professional career in the industry.

They add, *Multiple sources of evidence may also diminish any propensity for researcher bias.*

6.6.2.   Demands of a case study

The case study approach is difficult approach to undertake.

King in Cassell and Symon [307] states:

> Developing an interview guide, carrying out interviews, and analysing transcripts are all highly time consuming activities for the researcher.

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[304] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[305] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[306] Buchanan, Iyer and Karl in The Case Study in Business 1999 www.home.alone.net.au/bechervaise/DBAR3.htm
[307] Qualitative Methods in Organizational Research, A Practical Guide. Edited by Catherine Cassell and Gillian Symon. Sage Publications 1994

Whilst Yin[308] comments,

> The demands of a case study on a person s intellect, ego, and emotions are far greater than those of any other research strategy. This is because data collection procedures are not routinised. In laboratory experiments or surveys the data collection phase of the research project can be largely, if not wholly, conducted by a research assistant.

One of the disadvantages of the Case Study approach is the possibility of producing a project that is large and often unreadable. To make sure that this does not happen it has been suggested [King in Cassell and Symon again] that the researcher continually returns to his original questions and tries not to deviate too much from these.

Buchanan et al[309] cite Eisenhardt 1989 with reference to unreadable projects:

> There can be a disadvantage to these extensive data collection sources _ the volume may be overwhelming and lead to the ever-present danger of death by data asphyxiation.

6.7. Preparation for the Case Study

Moore[310] sets out six principles of selection-

> Keep things simple
> Borrow from others
> Collect only what is needed
> Beware the distortion that research creates
> Use available expertise
> Accept that some things cannot be measured

In preparation for data collection, Yin[311] suggests producing a pilot study to iron out any problems that the work may uncover before the start of the project. Before the start of the research, a few test interviews were conducted. These were then discussed with others to consider further progress. The researchers own business experience obviously influenced the early stages of the project and the interviews and the knowledge gained from prior business experience helped to form the questionnaire.

Moore[312] suggests that:

[308] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[309] Buchanan, Iyer and Karl in The Case Study in Business 1999 www.home.alone.net.au/bechervaise/DBAR3.htm
[310] Nick Moore How to do Research, The Complete Guide to Designing and managing Research Projects. Library Association Publishing. 2000
[311] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[312] Nick Moore How to do Research, The Complete Guide to Designing and managing Research Projects. Library Association Publishing. 2000

> *The choice of case study is critical. They should be selected so that they broadly represent the total population being surveyed. They will never be representative in a statistical sense.*

Designers from different disciplines [Potters, milliners, product designers etc] were interviewed to ensure no one field was over represented. Different marketing possibilities were also covered. The interviews also covered much of the country so that the conclusion would be of value to as many future designers/makers as possible.

6.8. Literature review

> *To overcome the barriers to theory development, you should try to prepare for your case study by doing such things as reviewing the literature related to what you would like to study; discussing your topic and ideas with colleagues or teachers; and asking yourself challenging questions about what you hope to learn as a result of the study.* Yin[313]

The early stages of the project demanded a literature review, as seen in the background to the project. Studies of SMEs have been undertaken by a number of academics [Bolton, Storey, Stokes, Bridge et al, Burns et al], this information looks at the rise in importance of the small business, commonly from the early 1980s. Much of this information is useful to policy makers rather than to SMEs themselves. Information useful to new businesses is more often in the form of self-help guides and information given by agencies, this to, had been studied before the case study interviews.

Yin[314] comments that the literature review is

> *A means to an end, and not an end in itself , he adds Budding investigators think that the purpose of the literature review is to determine the answers about what is known on a topic; in contrast, experienced investigators review previous research to develop sharper more insightful questions about the topic .*

6.9. Source of evidence

> *Evidence for case studies may come form six sources: documents, archival records, interviews, direct observation, participant-observation, and physical artefacts [Yin[315]].*

Interviews were used as the source of evidence; none of the other sources would be appropriate to designer/maker. Books and articles [documents] have been read on designers but they overlook the issues being examined. Archival records - would not help in this research, although a literature review has uncovered some interesting articles that back up

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[313] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[314] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994

the research findings. Direct observation — visits to a number of trade shows, craft fairs and workshops during the research, has been a useful experience. However, talking to the designers is rarely possible at these events as they are there to make sales or produce work. Time is money in these environments and many interviews were done over lunch or in the evening. Participant — observation, having run a business the researcher has referenced her own experiences in the development the project. Physical artefacts are not relevant to this project. Interviews are by far the most useful form of collecting information from designers. Yin[316] states that the strengths of interviews are:

- *Targeted — focuses directly on case study topic*
- *Insightful provides perceived casual inferences*

While the weaknesses are:

- *Bias due to poorly constructed questions*
- *Response bias*
- *Inaccuracies due to poor recall*
- *Reflexivity — interviewee gives what interviewer wants to hear*

The case study interviews, however, do remain the most important part of this project, as the information given by designers lead to further in-depth research being undertaken.

King in Cassell & Symon[317] support the interview,

> The most widely used qualitative method of organisational research is the interview. It is easy to see why this should be the case: it is a highly flexible method, it can be used almost anywhere and, it is capable of producing data at great depth.

Adding:

> Unfortunately, it is all to common to come across studies in which decisions about methodology seem to have preceded any careful consideration of the research question, leaving the researcher with data which do not properly address his or her question.

King suggests circumstances to which qualitative research interviews are best suited,

including: -

> Where individual perceptions of process within a social unit — such as a work group - are to be studied prospectively, using a whole series of interviews.

King concludes that the advantages of the qualitative research interview are that it is one of the most flexible methods of research available.

[316] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[317] Qualitative Methods in Organizational Research, A Practical Guide. Edited by Catherine Cassell and Gillian Symon. Sage Publications 1994

6.10.   Designing the case study

Yin[318] comments that

> Students wrongly think that by using the case study method, they can proceed
> quickly into the data collection phase of their work, and they have been
> encouraged to make their field contacts as quickly as possible. No guidance
> could be more misleading. Among other considerations, the relevant field
> contacts depend upon an understanding — or theory — of what is being studied.

And:

> The simple goal is to have a sufficient blueprint for your study, and this requires
> theoretical propositions. Then, the complete research design will provide
> surprisingly strong guidance in determining what data to collect and the
> strategies for analysing the data. For this reason, theory development prior to the
> collect on of any case study is an essential step in doing any case study .

Yin states:

> Defining the research questions is probably the most important step to be taken
> in research study, so patience and sufficient time should be allowed for this
> task.

Yin[319] [backed up by Buchanan et al[320]] suggests research design should include five

components:

1.   A study s questions
2.   Its propositions, if any,
3.   Its unit[s] of analysis
4.   The logic linking the data to the propositions, and
5.   The criteria for interpreting the findings.

[1-3 relates to what data is collected and 4&5 relate to what is to be done after the data is collected].

Yin[321] also suggests   four tests have been commonly used to establish the quality of any
empirical social research . These are

1.   Construct validity: establishing correct operational measures for the concepts
     being studied
2.   Internal validity: establishing a casual relationship, whereby certain conditions are
     shown to lead to other conditions, as distinguished from spurious relationships
3.   External validity: establishing the domain to which a study s findings can be
     generalised
4.   Reliability: demonstrating that the operations of a study — such as the data
     collection procedures can be repeated, with the same results.

Or in other words:
1. Right method,
2. Right questions,
3. Right people,
4. Is the work meaningful?

Initially an interview structure was required [appendix page no.5], this needed to be kept

simple but at the same time encourage the interviewee to be as open as possible about their

business experience. It was important to know how the interviewee would react to the

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[318] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[319] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[320] Buchanan, Iyer and Karl in The Case Study in Business 1999   www.home.alone.net.au/bechervaise/DBAR3.htm
[321] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994

questions. They were not expected to divulge their business secrets and were assured of this at the outset. Discussion about turnover or other financial matters could possibly offend the interviewee and therefore, was not included in any of the question. The only question relating to money was in relation to a business being registered for VAT [however, if this was the case, it meant the business was probably turning over more than £50,000]. The financial status of the business was not, however, felt to be important to the outcome of the project. The main interest was how their business developed in the early days, what help had they received, what use was that help?

6.11. Case Study Interviews

Yin[322] comments-
> Interviews are an essential source of case study evidence because most case studies are about human affairs , however, he adds: interview should always be considered verbal reports only. As such they are subject to the common problems of bias, poor recall, and poor or inaccurate articulation.

In How to do research Moore[323] comments that
> Depth Interviews provide a rich stream of data that can be used to build up an understanding of why things happen in the ways they do. Because the data collected is relatively unstructured, it is time consuming to analyse. This, combined with the fact that the aim is not to collect data that is statistically representative, means that depth interview samples are normally quiet small — 20-30 interviews would be normal.

Moore[324], comments that interviewing skills can be difficult for a number of reasons -
> You are trying to understand their emotions, views and beliefs, not what they think are the rational explanations for their behaviour People also have a fear of being shown up. We each have our own self-image and we do not want this to be upset by what may be uncomfortable revelations People will, in most cases, strive to be polite to interviewers and to supply the answers that they feel the interviewer is expecting.

To overcome these barriers Moore suggests-
> Be as unobtrusive as possible, in every sense. Throughout, you should encourage people to talk. Use silence — pause and look expectant and people will often take that as a cue to elaborate on what they have been saying.

Keeping the questions as straight forward as possible and not interrupting the interviewee but often leaving silences, encouraged the interviewee to be forthcoming - this was the approach taken.

Yin[325] offers the following advice-

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[322] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[323] Nick Moore How to do Research, The Complete Guide to Designing and managing Research Projects. Library Association Publishing. 2000
[324] Nick Moore How to do Research, The Complete Guide to Designing and managing Research Projects. Library Association Publishing. 2000

> *One of the most important sources of case study information is the interview. Such a conclusion may be surprising, because of the usual association between interviews and the case study method. However, interviews are also essential sources of case study information.*
> *The interview may take several forms. Most commonly, case study interviews are of an open ended nature, in which you can ask key respondents for the facts of a matter as well as for the respondents opinions about events. In some situations, you may even ask the respondent to propose his of her own insights into certain occurrences and may use such propositions as the bias for further enquire. However, You need to be cautious about becoming overly dependent on a key informant, especially because of interpersonal influence — that the informant may have over you.*

While King in Cassell & Symon[326] comments that an important feature of the interview method:

> *...is the relationship between interviewer and interviewee. He adds, The relationship is part of the research process The interviewee is seen as a participant in the research, actively shaping the course of the interview rather than just passively responding to the interviewer s pre-set questions.*

The Researcher s experience

I worked for 17 years running my own fashion business. I ran it in my own way, exercising my own will and few people had much influence on my business development. I had little idea of a strategy when I started, the business evolved with me learning very quickly as I went along. [I am not advocating this to be a good way of starting a business.]"

The chance to talk to others who have run a business in the creative industries was felt to be quite a challenge. Had they worked in a similar way, or did they have a more professional strategy or agenda, if so how had they developed this? The researcher started her business when there was no help for the new business. Since then [1980], there has been an explosion of business help and advice.

The way a business is run is a very personal choice. I would have been very offended if someone tried to interfere with the running of my business. Decisions are not made without a great deal of thought and I spent time and energy thinking about the future of my business. However, it is now about 5 years since I closed the business and I feel that I can stand back and take a more detached view. There is much I would have changed - but equally much that I felt at the time and still feel today, was the right thing to do. It was felt that it would have been far more difficult to undertake this project too soon after making the decision to finish

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[325] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[326] Qualitative Methods in Organizational Research, A Practical Guide. Edited by Catherine Cassell and Gillian Symon. Sage Publications 1994

trading. The time between closing down the business and working on the project has created

a time of reflection which in turn has given a more open minded approach to the researchers

own business experience.

The initially interested was in how others had undertaken the process of start up. Was it a

similar experience to the researchers or completely different? Why had they chosen to follow

a particular route? How had they reached their customers?

Having a good understanding of business development meant that the interviewer was

confident about the interviewing process. Good communication with other designer/makers

was essential. Many years of exchanging ideas, problems and issues with other fashion

designers helped with the interviewing process.

6.12. Conducting the interviews

Yin[327] argues that a researcher should have the following skills
- *A person should be able to ask good questions — and to interpret the answers*
- *A person should be a good listener and not be trapped by his or her own ideologies or preconceptions*
- *A person should be adaptive and flexible, so that newly encountered situations can be seen as opportunities, not threats*
- *A person must have a firm grasp of the issues being studied, whether this is a theoretical or policy orientation, even if in an exploratory mode. Such a grasp focuses the relevant events and information to be sought to manageable proportions.*
- *A person should be unbiased by preconceived notions and responsive to contradictory evidence*

King, in Cassell & Symon[328] offers some good advice on the interview technique that the

author would endorse.

He comments that:
> The qualitative interview is not based on a formal schedule of questions to be asked word for word in a set order. He suggests using an *interview guide,* listing topics which the interviewer should attempt to cover in the course of the interview. Adding, *the development of the interview does not end at the start of the first interview*

And:
> It is likely that a common opening question will be used to start all interviews in a study, but beyond that topics need not be addressed in the order in which they appear in the interview guide, or in any predetermined sequence.

And:
> It is best for the interviewer to open with a question which the interviewee can answer easily and without potential embarrassment or distress. More difficult

[327] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[328] Qualitative Methods in Organizational Research, A Practical Guide. Edited by Catherine Cassell and Gillian Symon. Sage Publications 1994

> *questions should be held back until some way into the interview, in order to give time for both the interviewer and interviewee to relax and feel they are getting to know each other.*

And:

> *The way in which questions are asked during the interview has a major bearing on how useful the responses are likely to be. It is advisable to avoid multiple questions.*

Finally:

> *It is important that you avoid ending the interview on a topic which is difficult, threatening or painful. If possible, the concluding question should steer the interview towards positive experiences.*

King[329] notes that not all interviews progress smoothly; occasionally the interviewer may be dissatisfied with the interview. He says situations to be aware of are:

> *Uncommunicative or over-communicative interviewees, high status interviewees, interviews on highly emotional topics, and interviewees who try to swap roles and become the interviewer.*

All the interviews where informative, each designer/maker interviewed was inspiring and energetic.

The interviews were all taped. The tape recorder was capable of taping telephone calls and therefore, interviews were conducted with people right across the country, rather than just in the southeast. Most of the interviews were undertaken on the telephone. It was made clear at the outset that the interview was being taped; none of the designers found this a problem.

Baxter et al[330] confirms that *Using a tape recorder means that you need only concentrate on the process of he interview. It gives the interviewer the ability to listen, without making notes, on what is being said* . However, they also comment that interview tapes take a great deal of time to transcribe and analyse, and although this is the case it gave the author time to re-listen to the interview to consider the comments made.

King in Cassell and Symon[331] confirms that taping the interview is the best route to take:

> *It is impossible for the interview to progress smoothly and without self-consciousness on both sides if the interviewer has to stop after each question to write by hand what is said.*

[329] Qualitative Methods in Organizational Research, A Practical Guide. Edited by Catherine Cassell and Gillian Symon. Sage Publications 1994
[330] L. Blaxter, C. Hughes, Malcolm Tight. How to Do Research, Open University Press. 1996
[331] Qualitative Methods in Organizational Research, A Practical Guide. Edited by Catherine Cassell and Gillian Symon. Sage Publications 1994

Yin[332] also comments on the recording of interviews, he says, *Tapes certainly provide a more accurate rendition of any interview than any other method* . However, he adds that it should not be used when:

1. *An interviewee refuses permission or appears uncomfortable in its presence*
2. *There is no specific plan for transcribing or systematically listening to the contents of the tapes*
3. *The investigator is clumsy enough with the mechanical devices so that the tape recorder creates a distraction during the interview itself*
4. *The investigator thinks that the tape recorder is a substitute for listening closely throughout the course of the interview.*

All the interviews were transcribed by the researcher/interviewer, by undertaking the transcription the interview could be reassessed. Some of the comments where ambiguous on the tape, but, in most instances it was remembered by the interviewer what the interviewee was referring to. All of the interviews were transcribed within a week of the interview. Some changes to the original interview had to be made for the reader to understand the context. But, where possible, changes were kept to a minimum.

None of the designers were interested in reading their interview after it had been transcribed. However, most of the agencies [with the exception of Brigid Howarth at the Crafts Council] insisted on reading and making changes to the information. The changes that they did make however, had no effect on content and most seemed more worried about grammatical corrections.

6.13. The first Interview

The first interview was with the Potter, Richard Baxter, who had been an acquaintance for a number of years. In selecting him for the first interview, it was felt this would a] make it easier for the interviewer, b] give the interviewer an opportunity to make mistakes, c] practice the interview technique, and d] be able to ask the interviewee about the technique.

Richard is a very outgoing person; he had stood as a councillor in local elections. He was opinionated and he had run his business for a similar length of time as the researcher, but was not a close friend. A close friend, it was felt, might supply the information they thought was required whereas Richard would be honest. Richard would also be helpful in analysing

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[332] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994

the interviewers skills and be able to offer advice should the questions need to be re-formulated. This however, was not the case.

Interviewing Richard proved to be very positive. He was open to all the questioning and easy to talk to. The meeting was arranged at his workshop as it was thought this would not be inhibiting. Once the interview started, Richard was very open, it was felt important not to interrupt and only when it was quite clear he had finished answering a question was the next question asked. This first interview lasted about 90 minutes. The Pottery business was run in a very different way to the researchers fashion designer business. There were very few similarities and many more differences.

After the first interview, a file was built of other designer/makers, but initially these were friends, or friends of friends. It was important to interview people that had no connection to the interviewer. A plea was emailed to self-employed designer/makers at the interviewers art school and a number of designers replied. This was very helpful as they were each from a different department across the campus and therefore, covered different disciplines.

The Southeast is a prosperous part of the UK, and most of the businesses that were interviewed initially were from this area. It was important to try to cover the UK and so a letter was sent and published to csd magazine [Chartered Society of Designers] [appendix page 135] asking designer/makers for their experiences. This received a good response with designers as far away as Northern Ireland and from a variety of disciplines.

Initially people were apprehensive about being interviewed, but once they were relaxed and had started talking about their business they would open up and became far more forthcoming. Often the interviews went on for over an hour. Small business people often have many strong opinions about their experiences.

6.14.   Transcribing the interviews

King in Casell & Symon[333] notes that
> *Even an experienced transcribe is unlikely to be able to transcribe more than one one-hour interview in a working day. To analyse such a transcript in any depth two or three working days will often be needed.*

He also adds
> *Difficult and time-consuming though transcription is, there is really no satisfactory alternative to recording and fully transcribing qualitative research interviews.*

Initially the interviews were transcribed word for word. However, it became apparent that in some cases information was not relevant to the project. Two choices were considered a] while interviewing interrupting the interview or b] allowing the interview to continue and be selective at the transcription stage. The latter was felt to be the best route as interrupting what the interviewee felt to be important was rude and may distract their chain of thought. Often the interviewee would go from one subject to another and it was difficult to predict how the conversation would develop. Once a designer began to reflect on their business experience, then generally their thoughts flowed and they were left to talk. Selection could be made at the transcription stage. This does mean, however, that in some cases large amounts of the interviews have not been transcribed.

The other observation that was made was that in an informal setting the conversation takes on an informal tone. A number of slang words were used repeatedly - stuff occurs in many, if not all of the interviews. It was felt that the language should not been changed. The other observation that was made was that sentences could be very long. It was felt that if the contents were changed too much that this might change the context, so where possible, the interviews have been transcribed as they were spoken and may not always be grammatically correct.

King in Cassell and Symon[334] suggests that
> *It is essential that the researcher is thoroughly familiar with the data before commencing any kind of analysis.*

He suggests reading the scripts more than once, and re-listening to the interviews, as he says

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[333] Qualitative Methods in Organizational Research, A Practical Guide. Edited by Catherine Cassell and Gillian Symon. Sage Publications 1994

*In addition to familiarisation, this gives the researcher the opportunity to
correct any mistakes which may have been made in transcribing.*

The interviews lasted between 30 minutes to about 90 minutes. Ian Gill, a contact received from the researchers friend seeing his work as a music festival [WOMAD], was difficult to pin down. He was so busy during the day [like so many of the interviewees] that an arrangement was made to phone him in the evening. Initially he was quite resistant to talk about his experiences. Once business problems and experiences were compared, he realised the interviewer understood much of what he had encountered, he opened up. He talked for nearly 2 hours, and his was one of the most interesting interviews undertaken. He was also one of the few designers who did not have an art school background.

The interviews were inspiring as well as informative. Without exception, the designers all worked very hard to develop their business. People like talking about their businesses they are proud of what they achieved. This is something that can be appreciated by another designer. It is possible that a researcher who had not experienced the problems of business start up themselves would be unable to extract as much information.

6.15. Analysing the data

Moore[335] suggests when analysing qualitative data the analysis should not come last but the researcher should be *thinking things through from the outset, trying to develop explanations and interpretations of the issues or circumstances that you are exploring* . Then the researcher can refine their ideas for future interviews and try to see underlying reason and causes. He adds that the researcher should strive to keep an open mind, and not to look for evidence to confirm early interpretations. The researcher should only stop when new data no longer generates new insights.

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[334] Qualitative Methods in Organizational Research, A Practical Guide. Edited by Catherine Cassell and Gillian Symon. Sage Publications 1994
[335] Nick Moore How to do Research, The Complete Guide to Designing and managing Research Projects. Library Association Publishing. 2000

King in Cassell and Symon[336] suggests, *There is no single set of rules for the analysis of data from qualitative research interviews* .

In Analysing, a Case Study Yin[337] suggests that every investigator should *start with a general analytical strategy — yielding priorities for what to analysis.* He suggests four techniques — pattern matching, explanation building, time series analysis and program logic models. He comments *too many times, investigators start case studies without having the foggiest notion about how the evidence is to be analysed.* He comments that unlike statistical analysis there are few formulas to guide the investigator in case study analysis.

He does however cite an approach used by Miles and Huberman[338],

- *Putting information into different arrays*
- *Making a matrix of categories and pacing the evidence within such categories*
- *Creating data displays — flowcharts and other devices — for examining the data*
- *Tabulating the frequency of different events*
- *Examining the complexity of such tabulations and their relationships by calculating second-order number such as means and variances*
- *Putting information in chronological order or using some other temporal scheme*

However, Yin[339] adds that although useful *the ultimate goal is to treat the evidence fairly, to produce compelling analytic conclusions, and to rule out alternative interpretations.*

He suggests *pattern matching* and *explanation building* as useful ways to analyse the finding and describes them thus:

Pattern matching — if the patterns coincide, the results can help a case study strengthen its internal validity
Explanation building — to analyse the case study by building an explanation about the case.

Yin[340];

> No matter how the experience is gained, every case study investigator should
> be well versed in a variety of data collection techniques so that a case study can
> use multiple sources of evidence. Without such multiple sources, an invaluable
> advantage of the case study strategy will have been lost.

> Potential analytic differences can be reduced if an investigator has a general
> strategy for analysing the data. Given a general strategy, several specific
> analytic strategies can be used. Of these, four strategies [pattern- matching,
> explanation-building, time series analysis, and program logic models] are
> effective ways of laying the groundwork for high quality case studies.

Hartley in Cassell & Symon[341] says

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[336] Qualitative Methods in Organizational Research, A Practical Guide. Edited by Catherine Cassell and Gillian Symon. Sage Publications 1994
[337] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[338] M.B. Miles & A. M. Huberman Analyzing Qualitative Data: A Source Book for New Methods, Beverly Hills, CA. Sage 1984
[339] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[340] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[341] Qualitative Methods in Organizational Research, A Practical Guide. Edited by Catherine Cassell and Gillian Symon. Sage Publications 1994

A mistake in writing up case studies is to believe that the narrative is the most interesting aspect of the study. Narrative alone is unlikely to be of interest to those outside the organisation

She suggested that the research should *draw out the wider implications of the study* .

Moore[342] suggests breaking down the data into meaningful segments, then arranging these systematically. He adds that *Qualitative analysis is a very personal process* and the researcher will find the approach that suits them. Finally, he says the researcher must impose some kind of order to the data, once the work is ordered into issues, he suggests forming a grid system to analyse the information.

Although the information in the interviews was of great value, it was essential for the reader to break down this information, as Moore suggests, in order that the important issues could be highlighted. A map of each interview has been created, to simplify the history of the company and the route taken by the designers. It was felt important to keep this to one page, so that a quick analysis of each business could be undertaken.

Two of these maps were designed and shown to the relevant interviewees to analyse the layout and information. The designers agreed that it made the information clear, but also commented that it oversimplified their business development. The map gives a clear view as to the companies development, the only criticism being they may be over simplistic. A short summary of the designers whose histories was felt to be most interesting was written, and were possible this has been kept to less than two pages.

6.16.   Other interviews

As well as interview designer/makers, it was important to speak to people who where involved with designer businesses. Buyers of products made by designer/makers were also interviewed to assess whether they felt there were any issues that were important. Development agencies were interviewed to see how they felt that they could help these businesses and a PR representative offered very useful advise to the new business person. A

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[342] Nick Moore How to do Research, The Complete Guide to Designing and managing Research Projects. Library Association Publishing. 2000

VAT officer discussed the problems businesses encounter with growing turnovers and the support offered by customs and excise to the growing business.

6.17. Benefit of the interviews

Having mixed with other designers over a number of years at markets and trade shows, the researcher had a good understanding of the fashion business. However, little was known about many other disciplines, they exhibited at different shows and these where new territory to the researcher. Early in the researchers business she ran a market stall and mixed with many different craft people, but once the wholesale side of the business was established, contact was only made with other fashion designers. When the business first started, an application was made for help from the Arts and Crafts councils but fashion did not fit into either category. So therefore, little contact has been made with these agencies until the start of this project. These extra interviews opened up many new areas of interest.

6.18. Composing the report

In composing the report it is the researcher s aim that small businesses in the creative sector may benefit from the findings and recommendations. As well as the businesses, advisors to these businesses and lecturers in Art schools and colleges may also gain some valuable information in the running of a creative enterprise.

Yin[343] comments that case studies have *a more diverse set of possible audiences than do most other types of research.* These audiences include:

1. *Colleagues in the same field*
2. *Policymakers, practitioners, community leaders, and other professionals who do not specialise in case study methodology*
3. *Special groups such as a student s dissertation or thesis committee*
4. *Funders of research*

Finally, Yin[344] suggests a case study must be the following to make it an exemplary case:
    Significant
    Complete

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[343] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994
[344] R. K. Yin, Case Study Research, Design and Methods, second Edition. Sage publications 1994

Consider Alternative perspectives
Display sufficient evidence
Composed in an engaging manner.

6.19. Questionnaire

Following the interviews with designers and then analysing the information, as well as the interviews with agencies that help designers set up their businesses, key issues kept emerging. These traits required confirming. A number of books and articles had been read on SMEs and their development. They too, lead the researcher to question further the help

available to the new businesses. Confirmation was required on certain issues that the data disclosed, but it was felt that a simpler method that could reach more designer/makers would strengthen the project. The questionnaire approach was chosen. It was then necessary to design a simple document that asked the questions that required conformation. It was

distributed to about 150 different designer/maker enterprises covering as many media as possible.

Blaxter et al[345] give some Hints on wording questionnaires —

* *Try to avoid questions which are ambiguous or imprecise, or which assume specialist knowledge on the part of the respondent.*
* *Remember questions that ask respondents to recall events or feeling which happened a long time ago may not be answered accurately*
* *Two or three simple questions are usually better than one*
* *Try not to draft questions which presume a particular answer*
* *Do not ask too many open-ended questions: they take too much time to answer properly, and too much time to analyse.*
* *Hints on questionnaire layout and presentation*
* *Make sure instructions you give on how the respondent is expected to answer the questions are clear*
* *It is usually better to keep the kind of response expected — ticking, circling or in writing — constant*
* *It is desirable that the questionnaire is kept within reasonable limits.*
* *Remember to thank your respondents*

There are a variety of ways in which to lay out questions for a survey Blaxter et al[346] list:

> *Quantity of information* - e.g. in which year did you ?
> *Category* —   e.g. have you ever been, or are you now involved in,

[345] L. Blaxter, C. Hughes, How to Do Research, Malcolm Tight. Open University Press. 1996
[346] L. Blaxter, C. Hughes, How to Do Research, Malcolm Tight. Open University Press. 1996

or, yes, no, never
List of multiple choice —e.g. Tick the following [a variety of questions]
Scale —   e.g. Tick the following [a variety in a scale]
Ranking —   e.g. Rank list in order of preference
Complex Grid or Table — More complex than above, a list of things to grade down a chart with options e.g. good, very good, bad, etc. across the top.
Open ended —Personal comments at the end, and invite their further comments and questions.

The scale and ranking approach to format the questionnaire was chosen. A sheet was composed that asked the required questions and given to a number of designer/makers to comment on. From their feedback, the final document was drawn up. It was felt important to keep it simple, time is an expensive commodity for all designer/makers and so it was made it clear in the introduction that it would only take about 5 minutes to complete.

A good response to the questionnaire was essential. By keeping it precise and clear it was hoped a higher percentage of returns would be received. Questionnaires were sent to the interviewees, they had been supportive up to date and it was felt sure they would respond to this extra requirement and this they did.

To reach as many designers as possible, trade-show catalogues were used for addresses; this meant that the whole country could be covered. A number of trade shows had been visited during the research, and small designer/makers business exhibiting documented. The Chelsea Crafts Fair and 100% Design were the most valuable in this instance, although other shows strengthened the new contacts list [Pure, 40°, Spring Fair, Top Draw]. The trade shows used where both wholesale and retail as it was felt that by questioning businesses that reached their customer through different routes was essential.

The majority of questionnaires where sent by post and included a stamped addressed envelope for the completed form. However, many businesses had email addresses so this was also chosen as a method of contact.

6.20. Analysing the data from the questionnaire

The analysis of the questionnaires was a simpler task than that of the interviews, as the questions just required a yes/no style answer. A few designers did add their own comments and these have been documented. As the questionnaires where returned, a simple grid

system on the computer to accept the results was devised. From the grid system, analysis charts were designed.

The most interesting observation is where the same boxes have been crossed by virtually all of the participants, clearly confirming a trend.

6.21. Schedule of work

The organisation for this project went as follows:

Initial discussion - Including interview with a few designer/makers in different disciplines to confirm the idea.

Literature Review - To gain a better understanding of the subject area.

Confirm Aims and Objectives - Choice of Research Method

Primary Data Collection - Interviews with designer/makers in the arts and crafts who have or are running their own business.

Primary Data Analysis - Analyses of interviews

Secondary Data Collection - Questionnaire sent to [approx 150] designer/makers to confirm initial findings.

Secondary Data Analysis - Analysis of questionnaires.

Write up of work

Conclusion

7. Findings

7.1. Introduction

The information from interviews and the questionnaire documents is extensive and therefore has been broken down into charts, maps and simplified documents to aid the reader. The complete case studies are in the appendices of the document.

7.2. Questionnaires

Although the Questionnaire followed the case studies in the research process, the results clearly define the type of business being studied and therefore, will be discussed before the in-depth case study interview issues. Because of it s simplified format the questionnaire, it able to reach 114 designer/makers. The information was entered onto a spreadsheet and from the results; graphs have been designed to display the findings. Where extra comments were made these are also documented.

The main issues the questionnaire looks at are:

- Size and style of business [sole trader, partnership, number of employees]

- Reason for starting the business.

- Is the business the sole source of income?

- How much market research was undertaken at the outset of the business?

- How does the business reach the customer?

- Has the business changed?

- Business skills — how have these developed?

- Did the business owner go on any courses when they started the business and if so who funded these?

- Did the business owner read any self-help manuals when they started the business and if so who published these?

- What was the businessperson's knowledge at the start of the enterprise and where did they acquire this?

- Have any organisations helped in the development of the business and if so which ones?

- How do the respondents see the business developing?

- How did the respondents learn their business skills?

7.3. Copy of the questionnaire sent out to the designer /makers

Questionnaire on creative business start up - please X in the appropriate boxes

Name:

What is you business name?
How long have you been [or were you] in business?
What does your business do?

How many people do you employ?

Sole proprietor	
Partnership	
0-9 employees	
10+ employees	

What was the main reason for setting up you own business?

Unemployment /unable to find a job	
Complete control over creativity	
Fed up with working for others	
Wanted to pursue a original idea	
Other: please specify	

Is your business your sole source of income?

Yes	
No —part-time employed work in the same field	
No —part-time employed work in education	
No —part-time employed work in a different field	
Other please specify	

How much market research did you do before you started your business?

Quite a lot —as you were unsure of your market	
Some —as you had a fair idea of your market area	
Very little — youknew your market, prices and the competition	
None	

How do you reach your customers?

Trade show	
Craft fairs	
Personal contact	
Agent	
Own retail outlet	
Other: please specify	

Has your business changed from your anticipated idea when you first started and if so why do you think that is the case:

Has hardly changed	
Gradual Evolving	
Customer needs	
The market has changed	
Own ideas have evolved	
Other: please specify	

When you started your business how would you grade your skills in the following:

	Poor	Average	Competent	Excellent
Accountancy				
Communication				
Salesperson				

How would you rate your skills today?

	Poor	Average	Competent	Excellent
Accountancy				
Communication				
Salesperson				

How have you developed the above skills?

	Mostly	Some	Little	Have not developed
Self taught				
Books				
Help from agencies				
Help from the bank				
Employed someone to take on the role.				
Courses				
If you have ticked courses — couldyou specify who ran them?				

When you first started the business did you go on any courses to help with the following; -

			How useful were they?		
	YES	NO	Not at all	A little	Very
Accountancy					
Financed by whom					
General business management					
Financed by whom					
Other: — pleasespecify					
Financed by whom					
Other: — pleasespecify					
Financed by whom					

Did you read any self-help manuals on business start up before you began your enterprise?
Yes   No

By whom [as near as you can remember [e.g. Princes Trust]	How useful were they?		
	Not at all	A little	Very

How would you describe your business knowledge at start up: -

No real knowledge at all on how to run a business- but learnt as you went along?	
You had very little idea- but learnt as you went along?	
You had some basic information on how to run a business?	
A good grounding on how to run a business?	

Would you say on the whole that the business knowledge you had at start up was acquired through: -

	A little	Basic	Good understanding
Education			
Working for a similar business.			
Working in a different environment			
Working for a family business			
Other: — pleasespecify			

Have any organisations helped you in your business development?

	Hindrance	No help	Little help	Some help	Great help
Bank					
Princes Trust					
Crafts Council					
Arts Council					
Business Links					
Shell Live wire					
DTI					
TEC					
Other: — pleasespecify					

How do you see your business developing?

You don t you are happy with the way it is at present,	
You aim to take on staff to help with the work load	
You would like some further investment to help with growth	
Continual development of design work	
Continual development to build customer base	
Other: please specify	

Finally — lookingback on your skills as a business person, how would you say that you learnt these skills

	None	Some	A lot	All
In education				
Working for a similar business before beginning your own				
Many are life-skills — youhave always had these				
Trial and error in running the business — learntas you went along				
Other: please specify				

Do you have any comments you would like to add?

Are you happy for me to publish your comments	
Would you rather I just used the information for my statistics and any quotes will remain anonymous	

Many thanks for your input.

7.4. The Findings from the Questionnaire

The first charts help to define the type and style of business being researched.

Chart 17 shows the media used by the respondents to the questionnaire. Chart 18 shows how many years the respondents have been in business. Although the majority of businesses are under 6 years old, it is also clear to see that many businesses continue for much longer and that one respondent has been in business for 30 years.
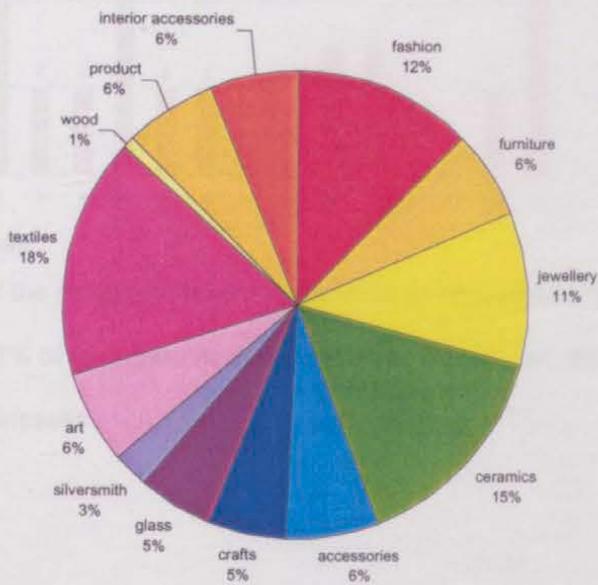
Chart 18 Media Questioned
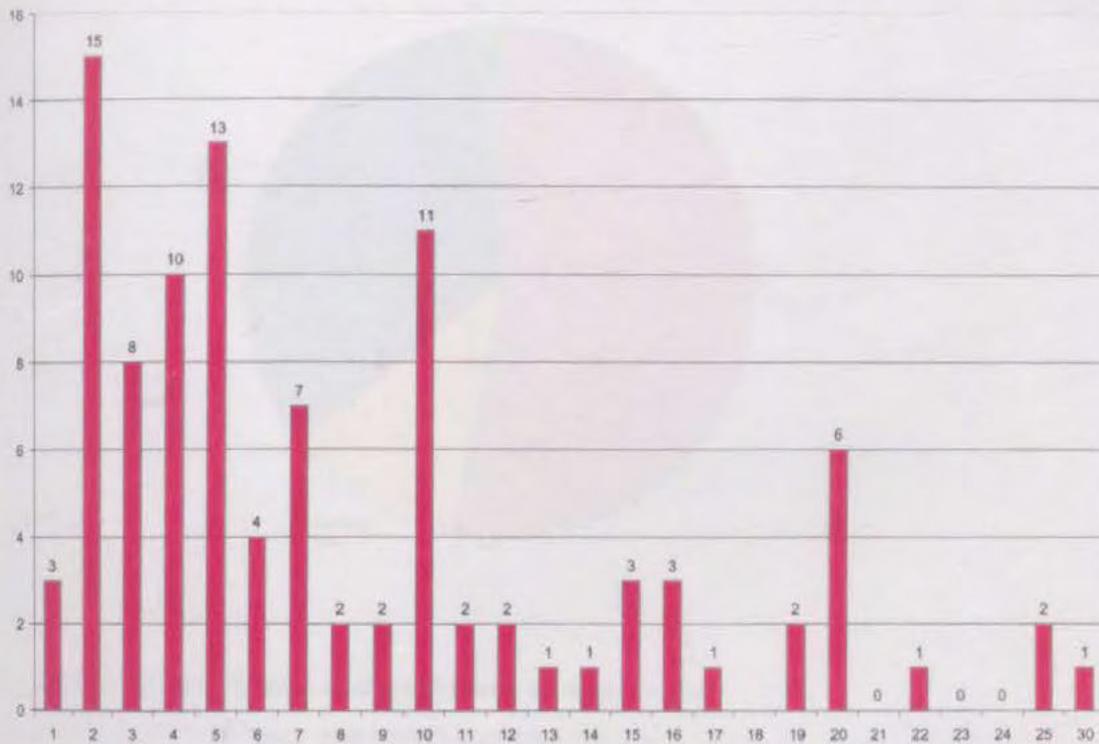
Chart 19 Years in Business

Chart 19 & 20 show that of the designer/makers responding to the questionnaire 56% were

sole traders and that only 2% of respondents employed more than 9 staff, therefore, 98% can

be described as micro businesses.
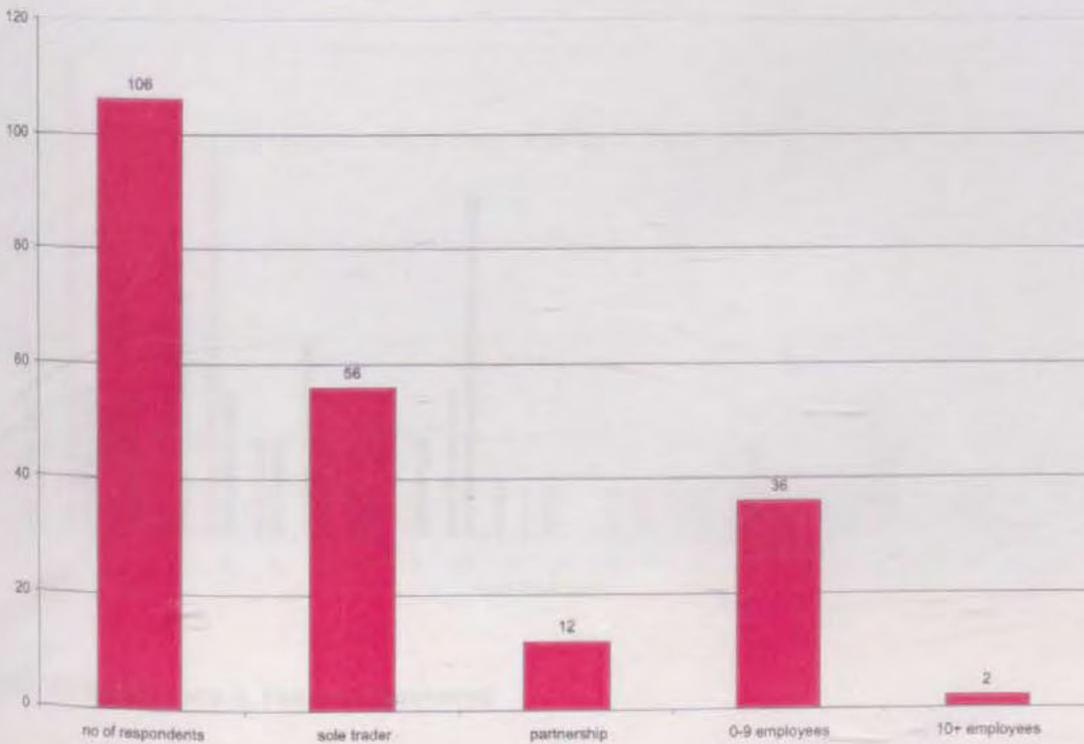
Chart 20 Business Status

Chart 21 Business status for employees in Business
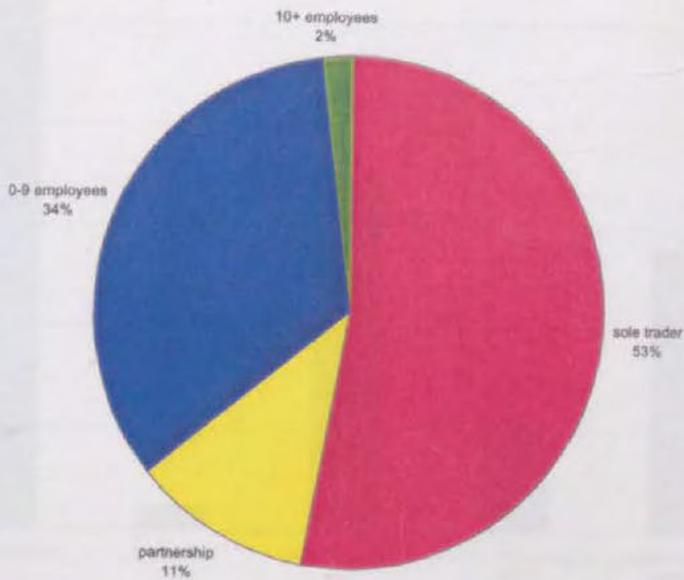
Chart 21 Business Status and employees as a percentage

Chart 21 shows how many years each business has been running in relationship to the number of employees. The age of the business does not appear to have a direct impact on the number of staff.
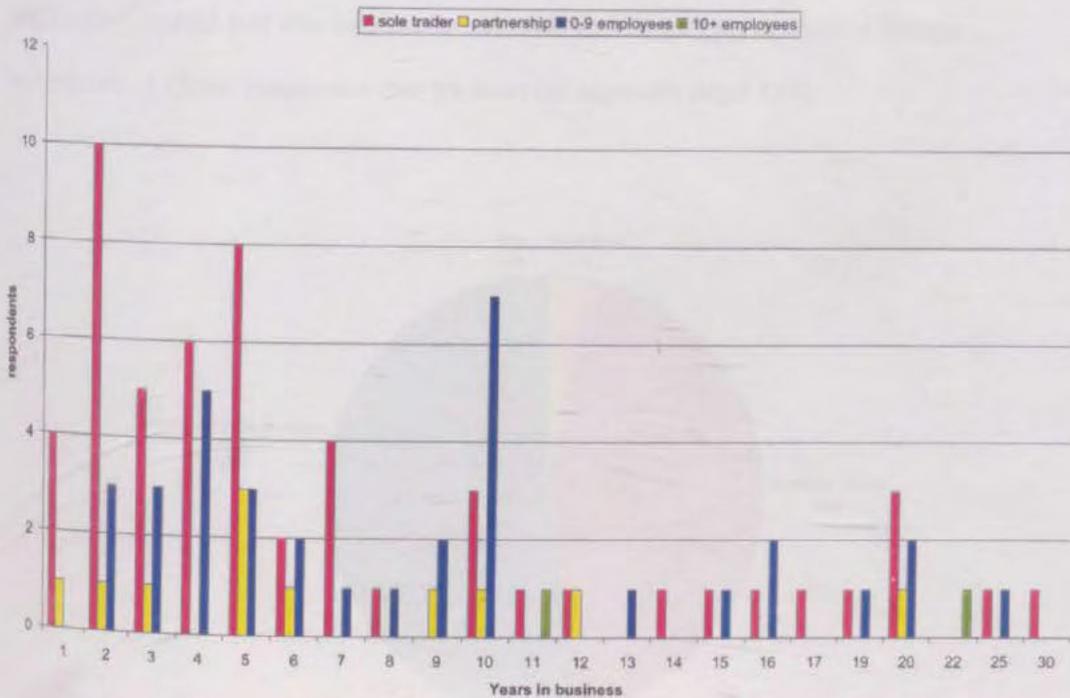
Chart 22 Employees & Years in Business
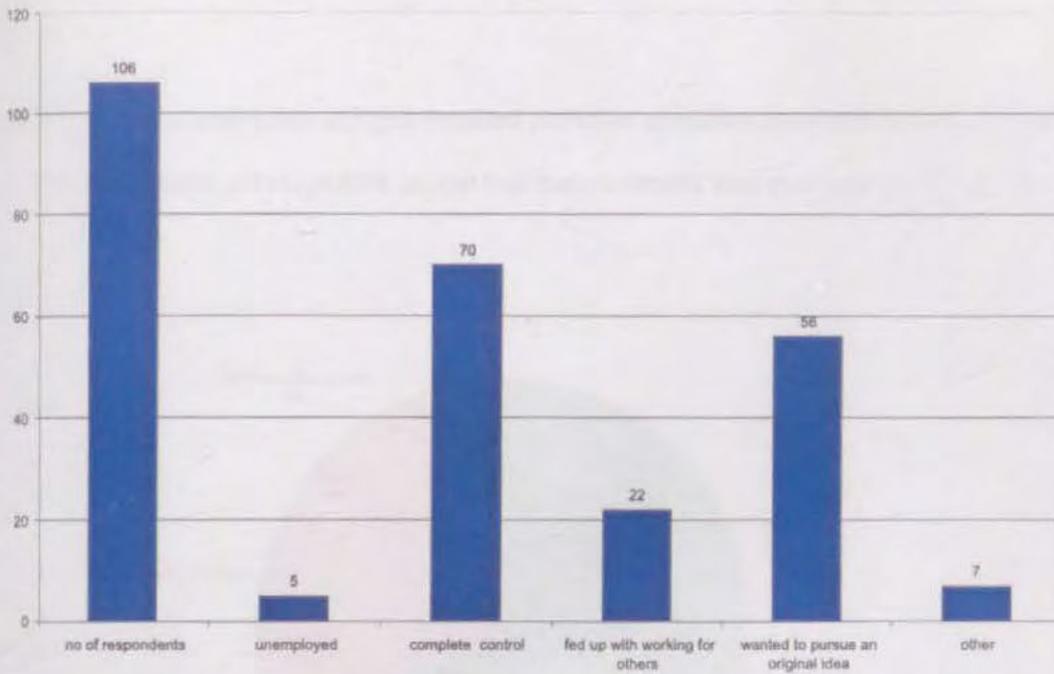
Chart 23 Main reason for setting up business

Chart 23 shows the main reasons for the respondents setting up their businesses. Clearly, control over their work was an important issue. However, many respondents ticked both complete control and wanted to pursue an original idea. Of those that added their own comment, [6% of respondents] most were related to being creative, and although one respondent replied that she had set up her business to pay for my racing vintage motorbikes . [Other responses can be seen on appendix page 133].
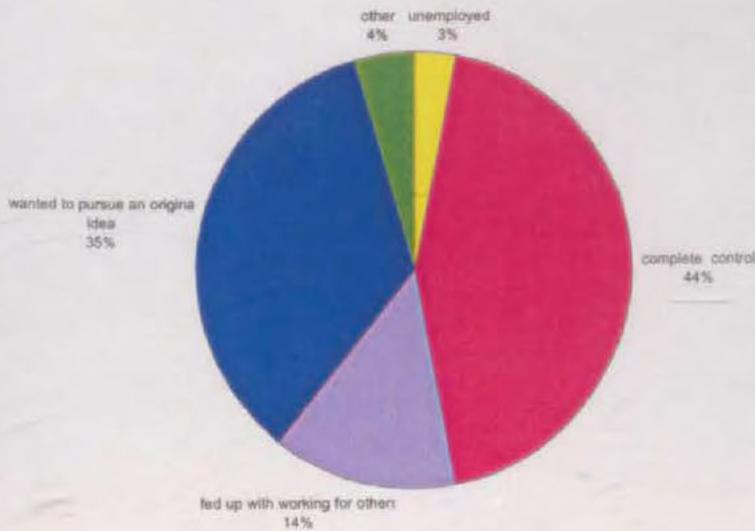
Chart 24 main reasons for setting up [percentage]

Chart 24 confirms that many designer/makers [40%] do subsidise their income with another

form of employment, although 60% stated that their business was their sole source of income.
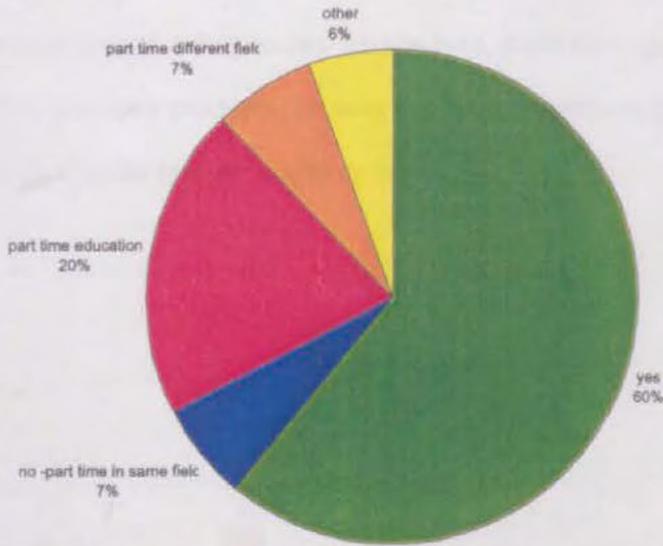
Chart 25 Is the business the sole source of income

One of the most important issues the research aimed to study was how the designer /maker business reached their customer. Did they retail or wholesale as this would have important price implications? Of the 106 respondents to the questionnaire, only 10 reached their customer by one route and of those most had their own retail outlet. The majority of respondents had several selling routes —trade fairs, crafts fairs, galleries, 50% respondents wholesale and retail their products, i.e. they sell them themselves [craft fairs, own retail outlet etc] and sell them on for re-sale or sale or return.

Chart 26 How do you reach your customer
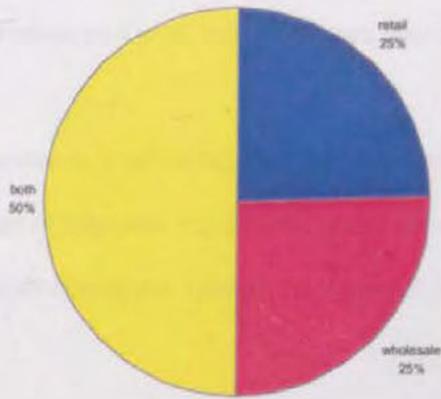
Chart 27 How do you reach your customer - Wholesale/Retail

Chart 27 looks at how the respondents felt that their business had developed and whether

this was market or customer lead. Most of the respondents described their business

development as gradual and own ideas evolving .
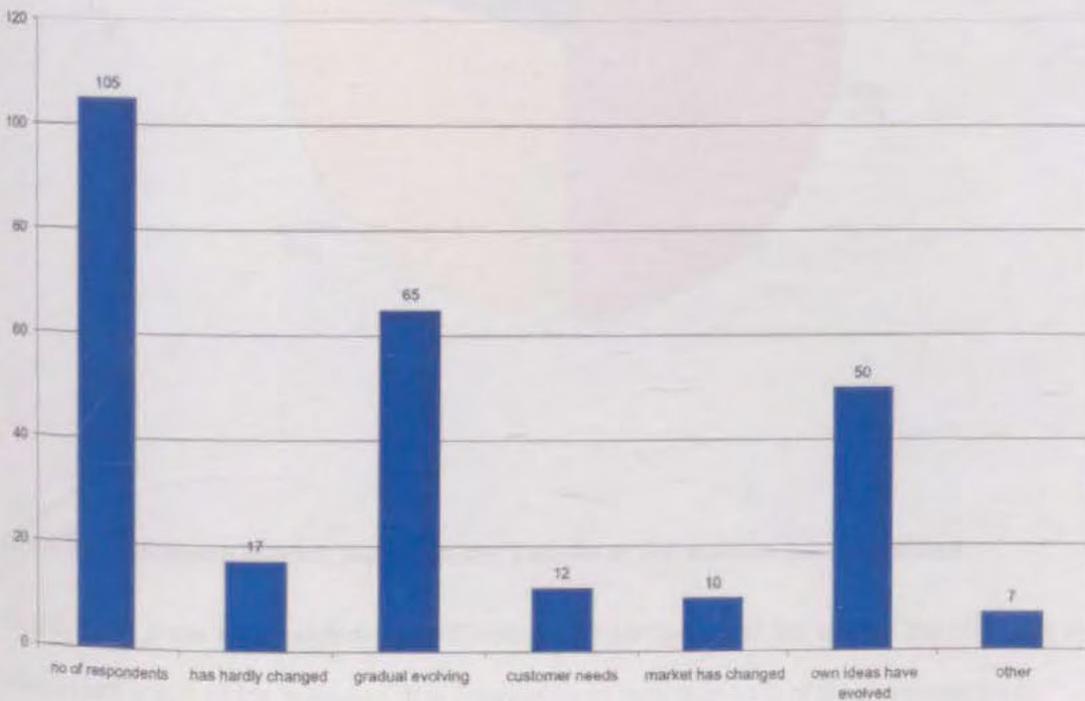
Chart 28 Has the business changed from your anticipated idea when you first started
and if so why

The following charts 28-31 look at what preparations where made to start the business. What market research was undertaken and what help had been used.

Chart 28 looks at Market research. It would appear that although market research is considered an important part of business start-up by agencies and business start-up books, few respondents [8% of respondents] did quite a lot of market research and 21% confessed to doing none at all.
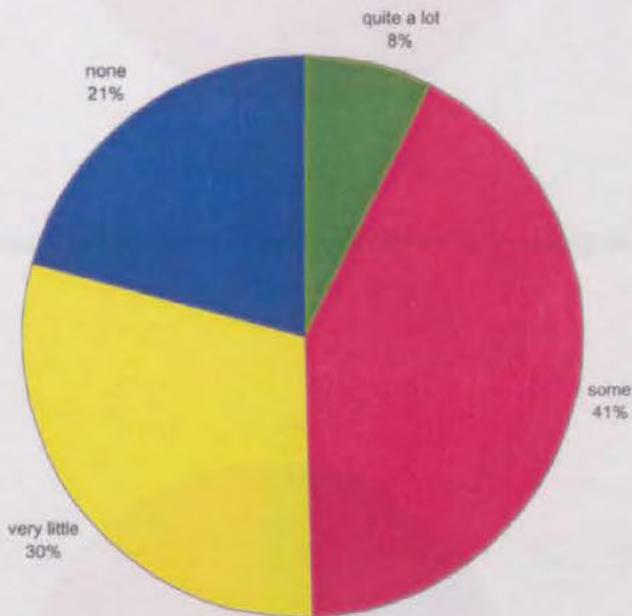
Chart 29 How much market research did you do at the start of the business?

Charts 29-31 show how much market research was carried out at the start of the business in relation to the age of the business. It is interesting to note that 71% of those respondents confessing to do no market research had run their business for over 10 years.
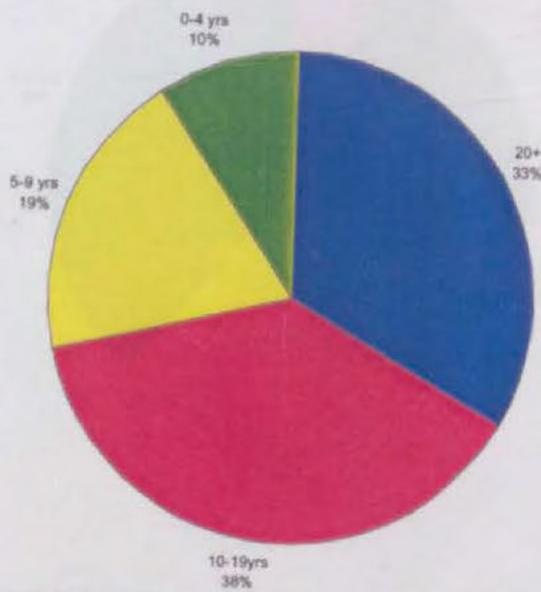
Chart 30 Number of years in business of those confessing to doing NO market research
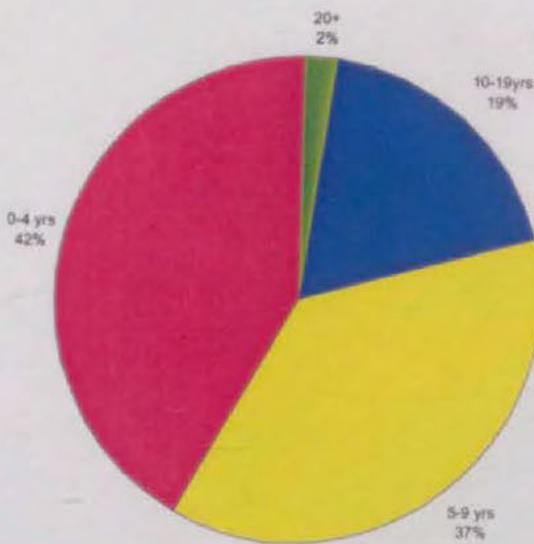
Chart 31 Number of years in business of those confessing to do SOME market research
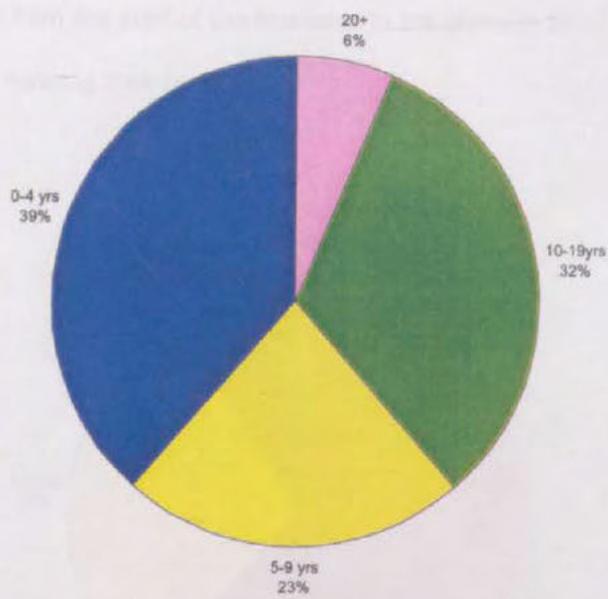
Chart 32 Number of Years in business of those confessing to do VERY LITTLE market research

The following Charts 32-37 look at important business skills and how the respondents felt these have developed from the start of the business to the present. Most feel that these skills have developed while running their business.
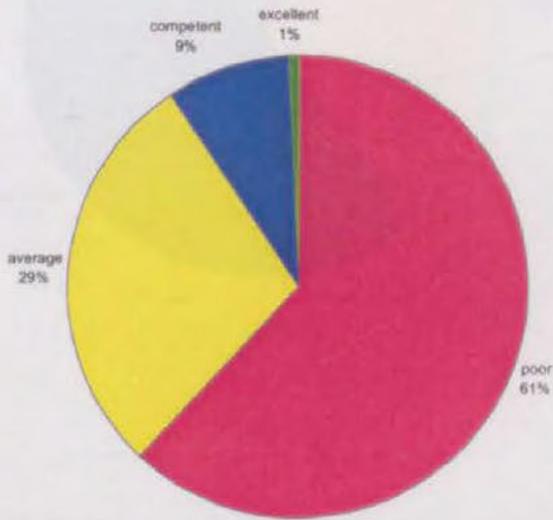
Chart 33 When you first started your business how would you describe your accountancy skills
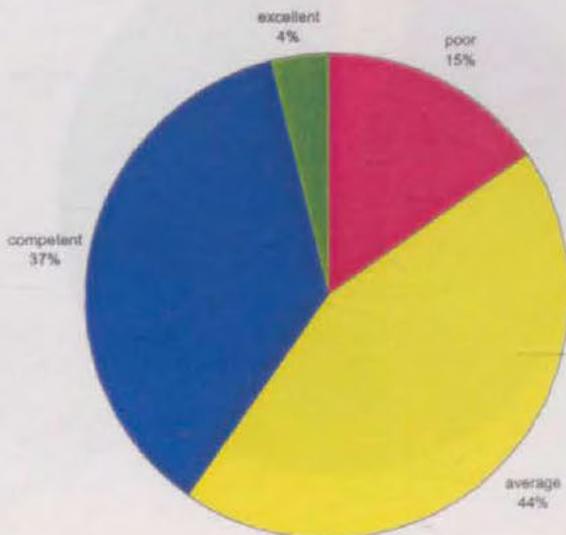
Chart 34 How would you describe your accountancy skills today

excellent
10%

poor
8%

average
31%

competent
51%
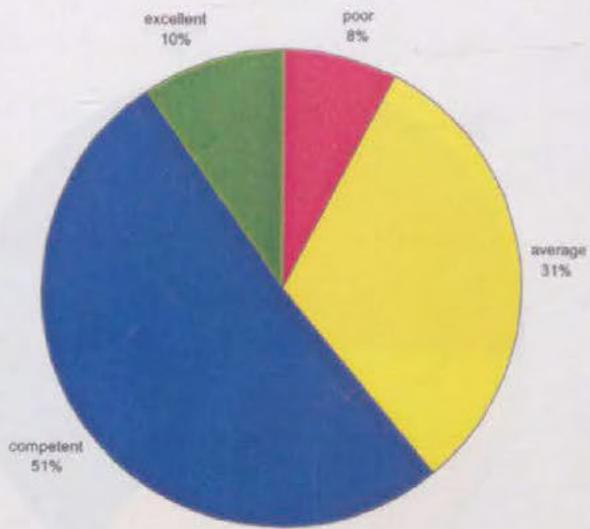
Chart 35 When you first started your business how would you describe your communication skills

poor
1%

average
6%

excellent
37%

competent
56%
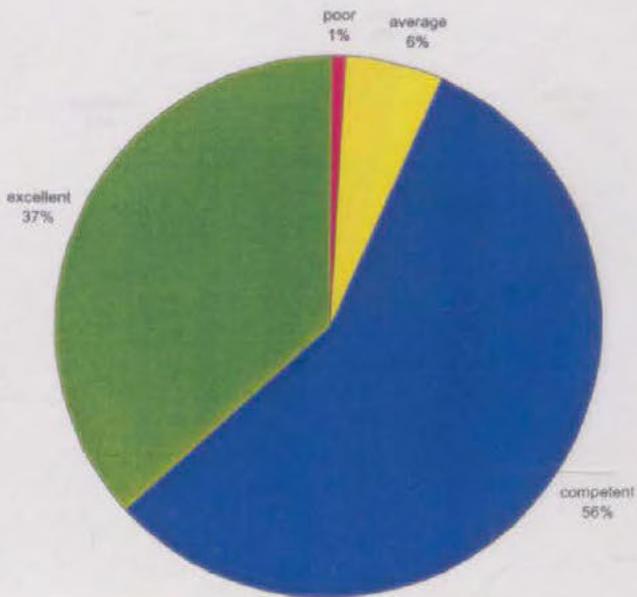
Chart 36 How would you describe your communication skills today

excellent
7%

poor
26%

competent
33%

average
34%
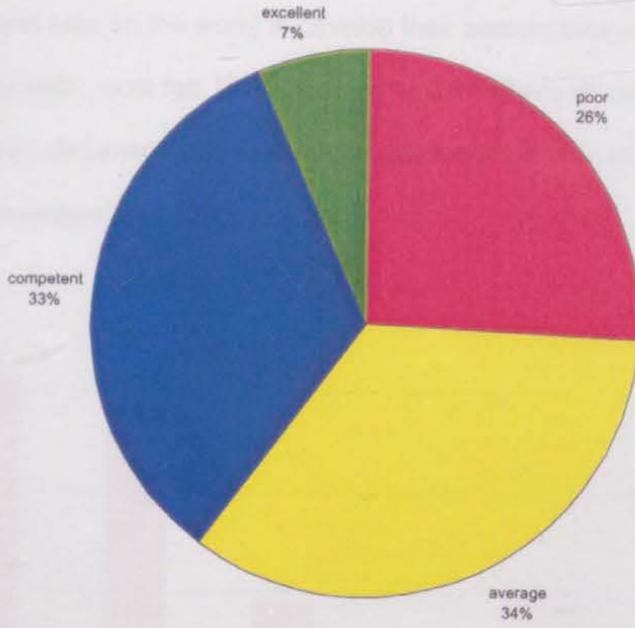
Chart 37 When you first started your business how would you describe your sales skills

poor
4%

excellent
26%

average
17%

competent
53%
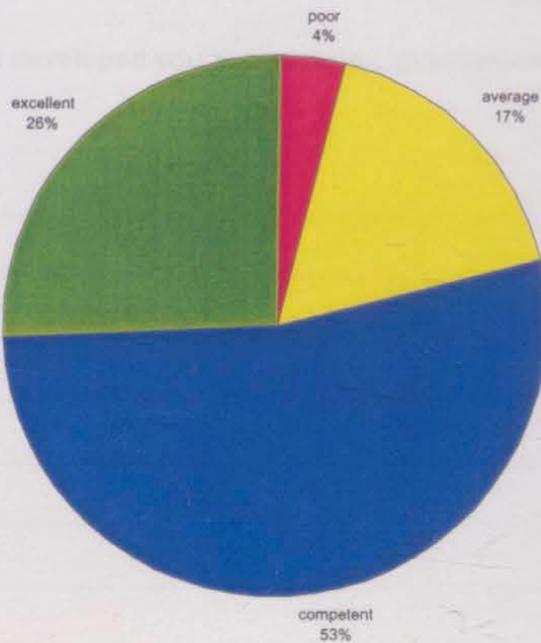
Chart 38 How would you describe your sales skills today

The respondents felt that although they had used other forms of help [books, agencies, bank or someone to take on the work] to develop their accountancy, communication and salesperson skills, most felt [99%] that these skills where chiefly self taught. Where other help has been documented, only employing someone else to take on the role was ticked as mostly undertaken by the respondents.
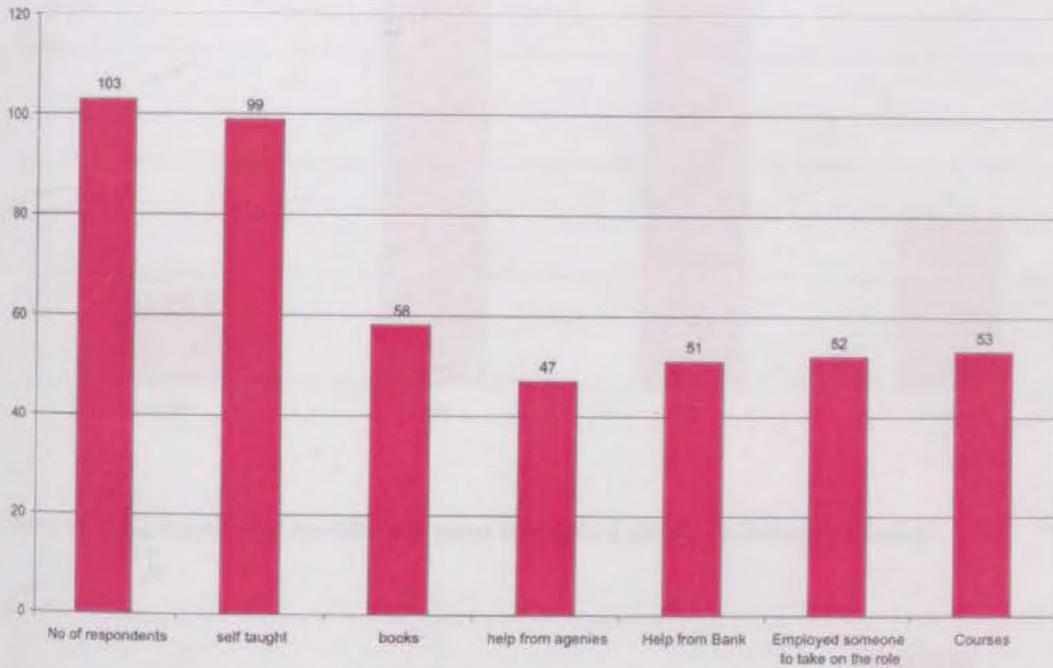
Chart 39 How have you developed you accountancy, communication and sales skills
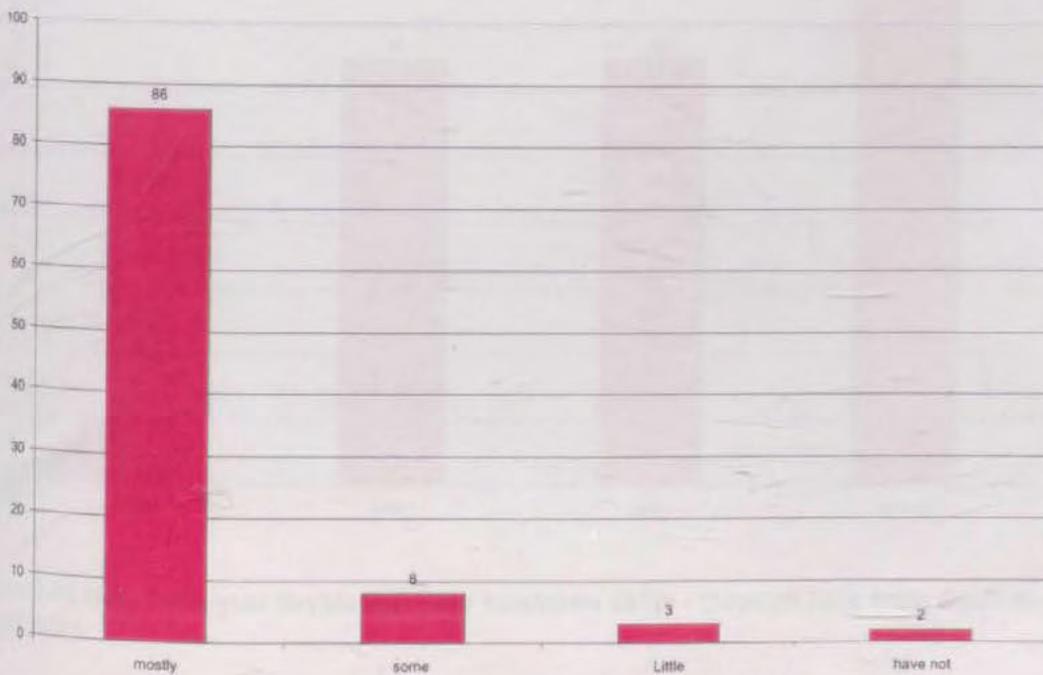
Chart 40 How have you developed your business skills - Self Taught

Chart 41 How have you developed your business skills — through Books
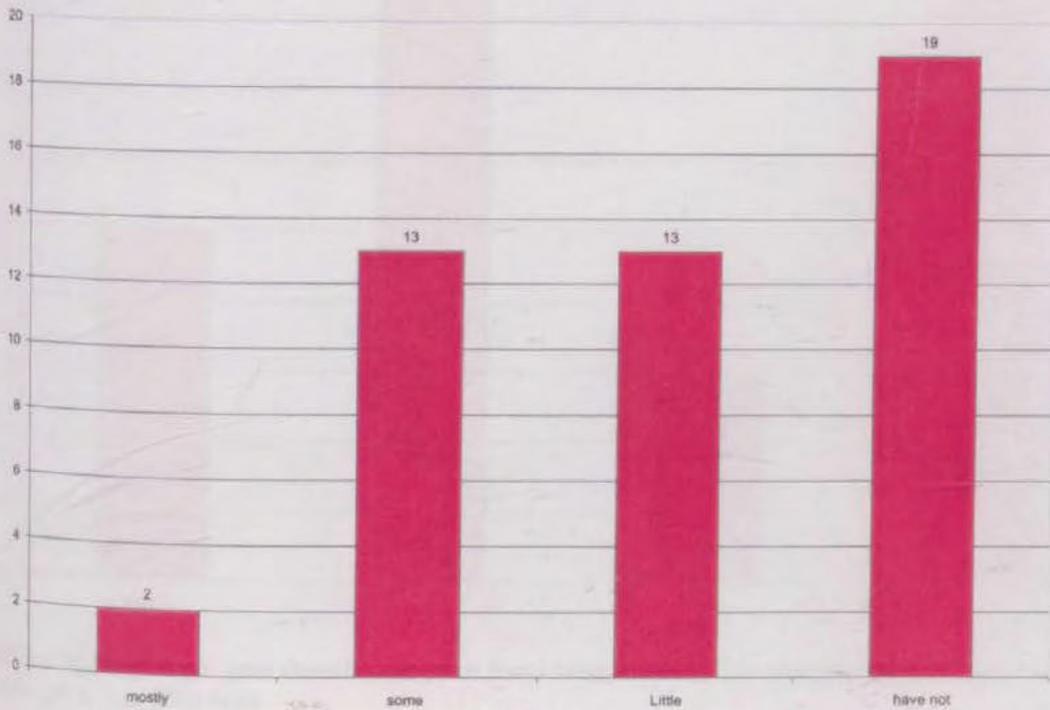
Chart 42 How have you developed your business skills - through help from Business agencies
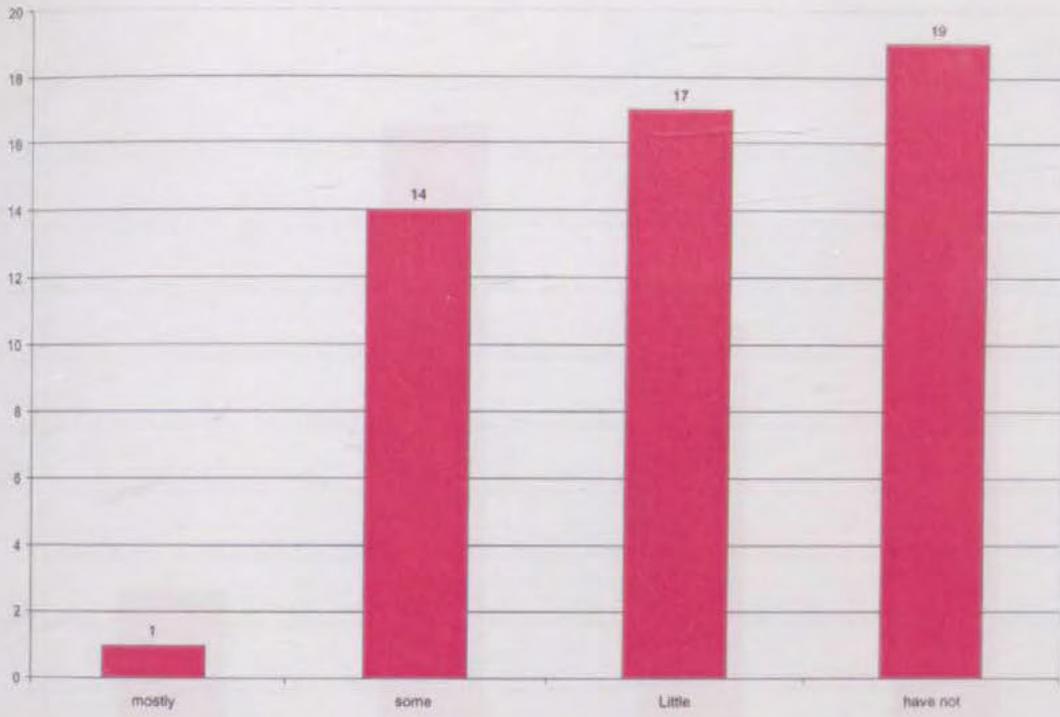
Chart 43 How have you developed your business skills - with help from the Bank
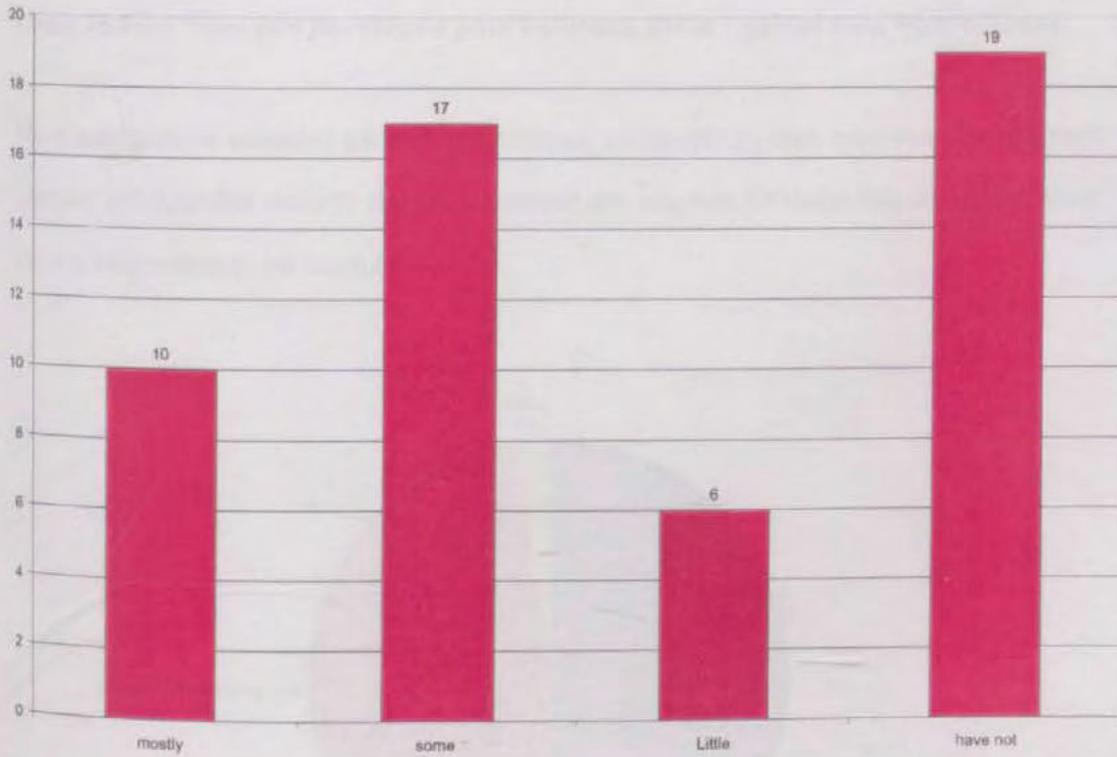
Chart 44 How have you developed your business skills — by employing someone to take on a specific task
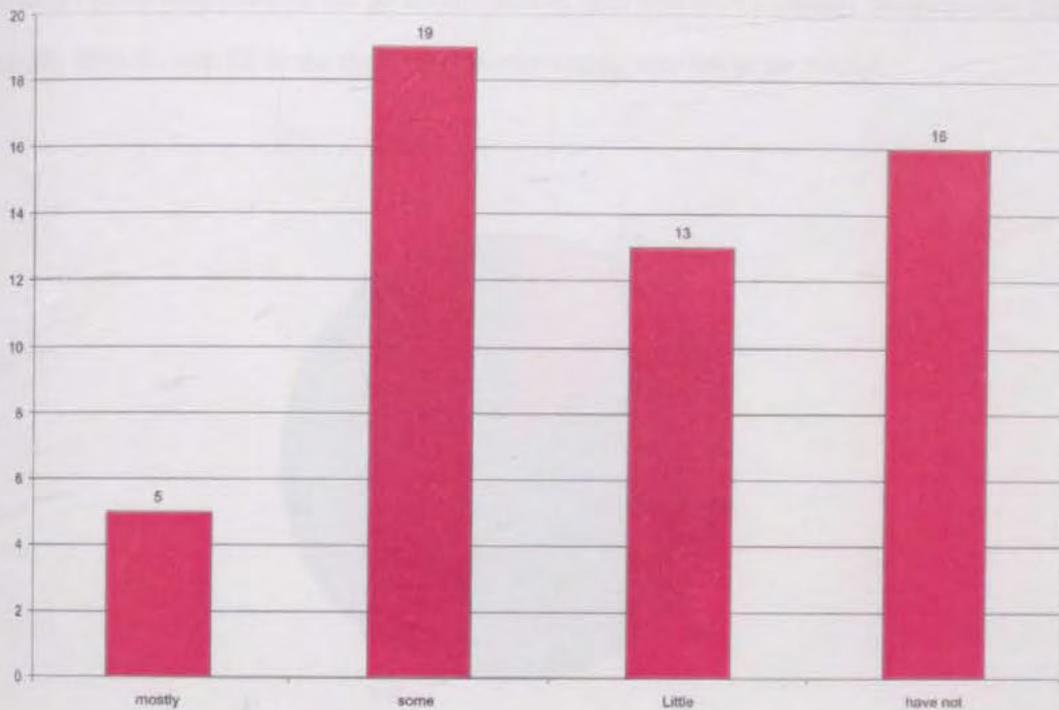
Chart 45 How have you developed your business skills - gained help from courses

More respondents attended general accountancy course [51%] than business management courses although the majority still did not attend any courses. Of those that did attend, most felt the information to be helpful.
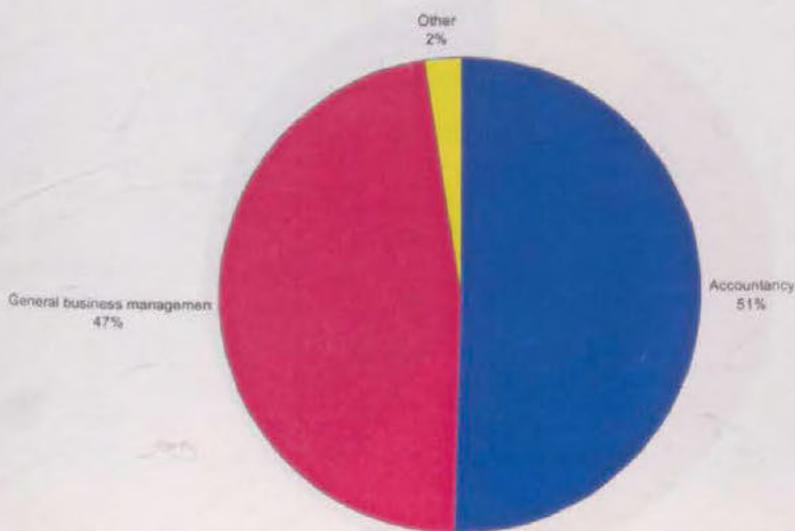
Chart 46 when you first started your business did you go on any self help courses - of those that did this shows the distribution

Although some respondents did go on courses to help with their business development the majority 85%did not. Of those that did, the information was felt to be helpful.

yes
15%

No
85%
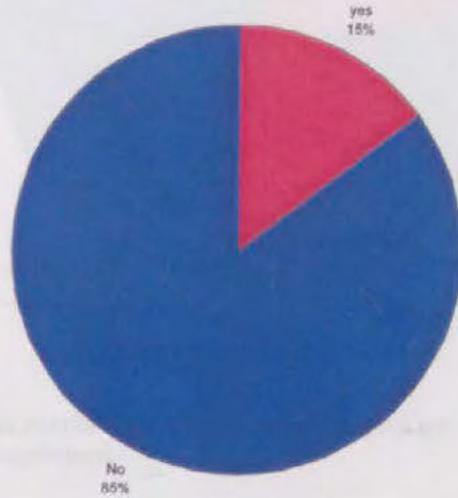
Chart 47 When you first started you business did you go on any self-help courses in accountancy

not at all
10%

very
40%

a little
50%
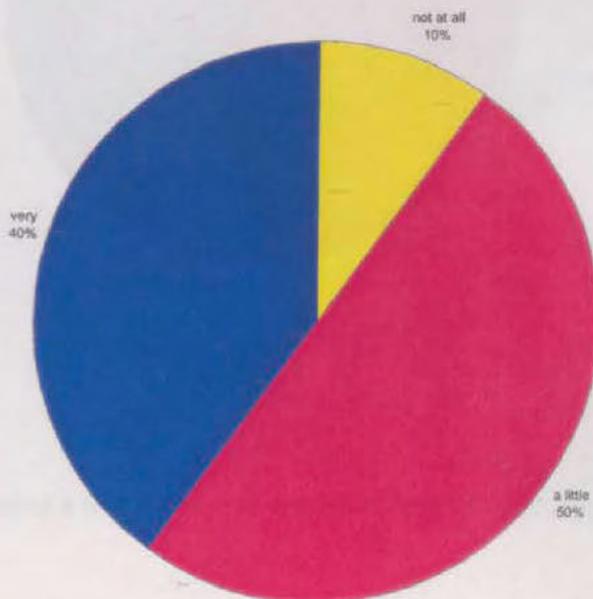
Chart 48 Of those that did go on an accountancy course - how helpful was it

yes
24%

no
76%
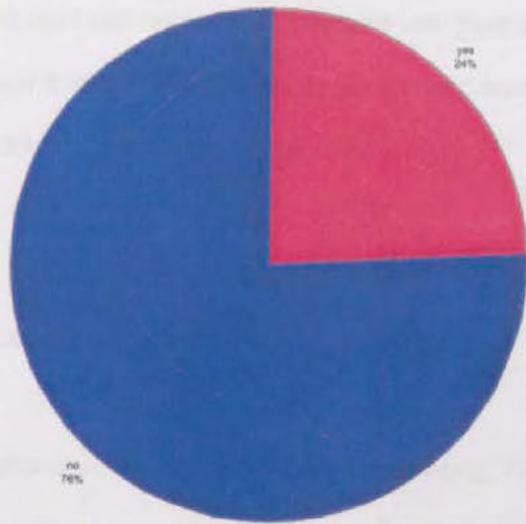
Chart 49 When you first started your business did you go on any self help courses in General Business Management

not at all
0%

very
39%

a little
61%
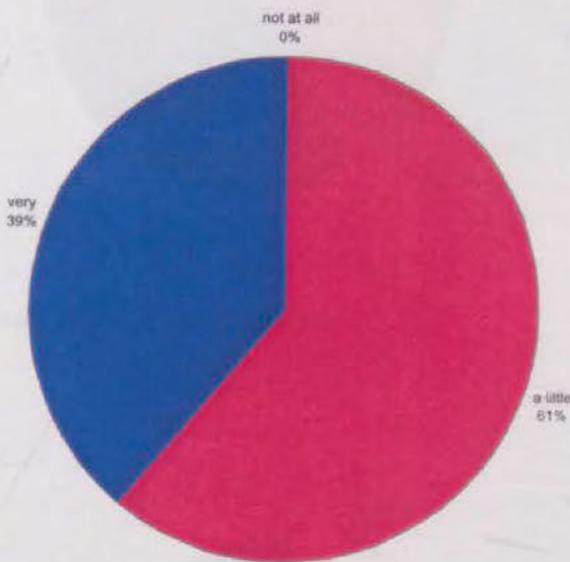
Chart 50 If you attended a Business management course - how helpful was it

42% of respondents had read self-help manuals to help with their business start-up and of

those that did, it was clear that those published by the Crafts Council were very popular and

helpful. This is a breakdown of publishers of manuals: -

1 An agency

2 Banks

2 Information from education

8 Different sources

26 Craft Council publications — the most popular of those being Running a Workshop .
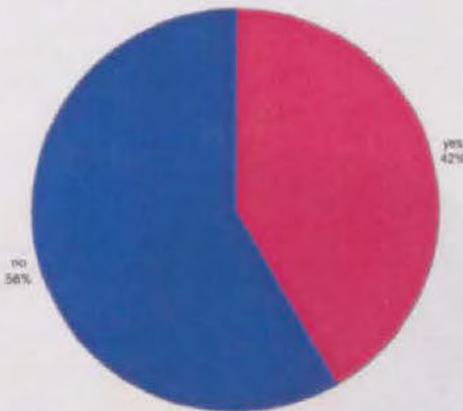
Chart 51 Did you read any self help manuals
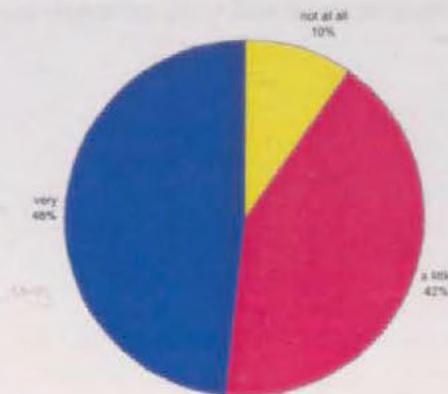
Chart 52 Of those that read a self help manual - how helpful was it

Only 6% of respondents described themselves at the start of their business as having good business grounding. The respondents where asked how they felt they had acquired their business knowledge at the start of the business, although many [80 of101] replied they had acquired this in education, of those most admitted to only receiving a little knowledge. However, although only 50 of the respondents had worked for a similar company before start up 23 of those felt that this had given them a basic or good business understanding.

Of the 13 respondents filling in the Other section on how they had acquired their knowledge 7 site common sense or general business awareness, while 6 sited prior experience in some form of business.

a good grounding
6%

you had some basic information
how to run a business
26%

no real knowledge of how to run
a business
38%

you had very little idea - learnt a
you went along
30%
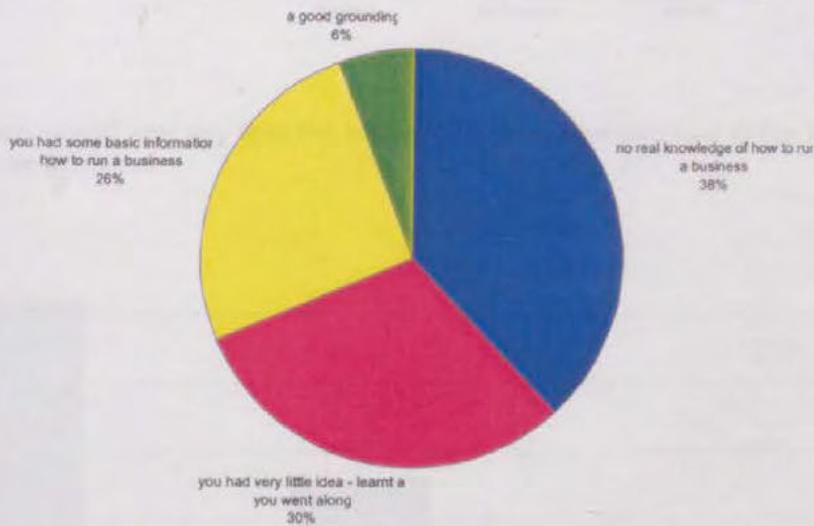
Chart 53 How would you describe your business at start up
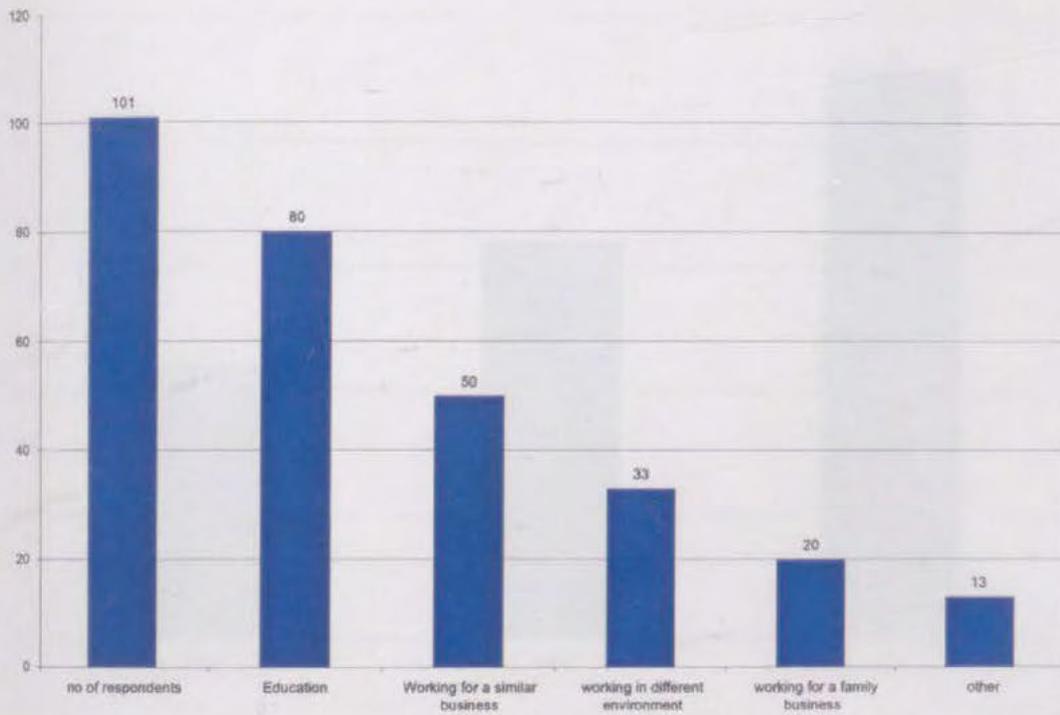
Chart 54 How would you say that the business knowledge you had at the start of your business was acquired

Chart 55 would you say on the whole that the business knowledge you had at start up was acquired through - EDUCATION

Chart 56 would you say on the whole that the business knowledge you had at start up was acquired through - WORKING FOR A SIMILAR BUSINESS
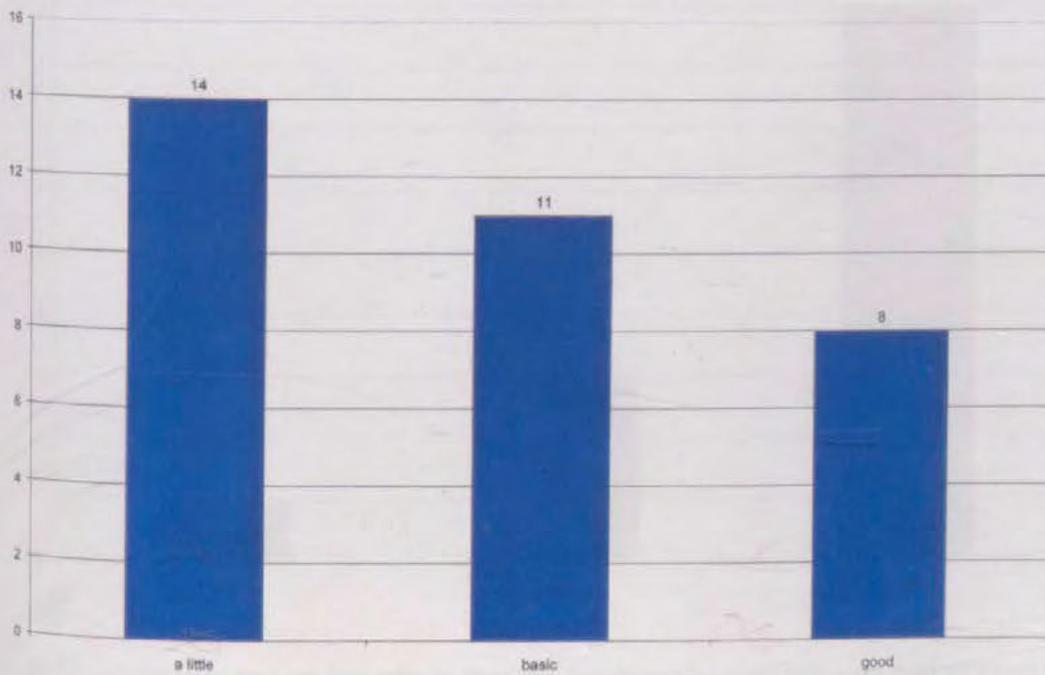
Chart 57 would you say on the whole that the business knowledge you had at start up was acquired through - WORKING FOR A DIFERENT BUSINESS
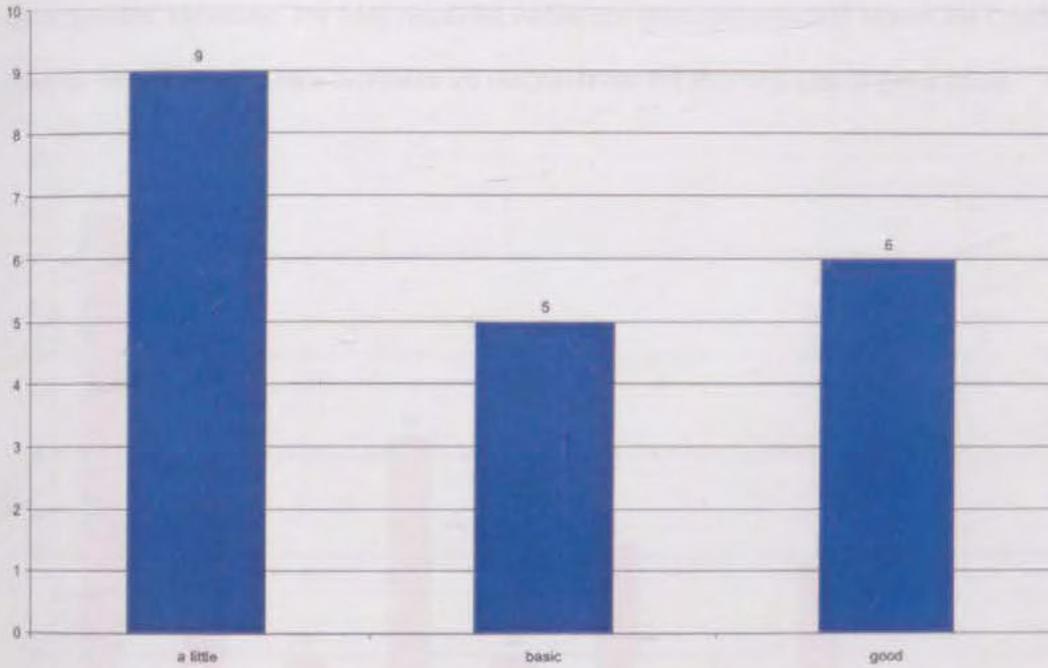
Chart 58 would you say on the whole that the business knowledge you had at start up was acquired through - WORKING FOR A FAMILY BUSINESS

10
9   9
8
7
6
5
4
3   3
2
1   1
0
   a little   basic   good
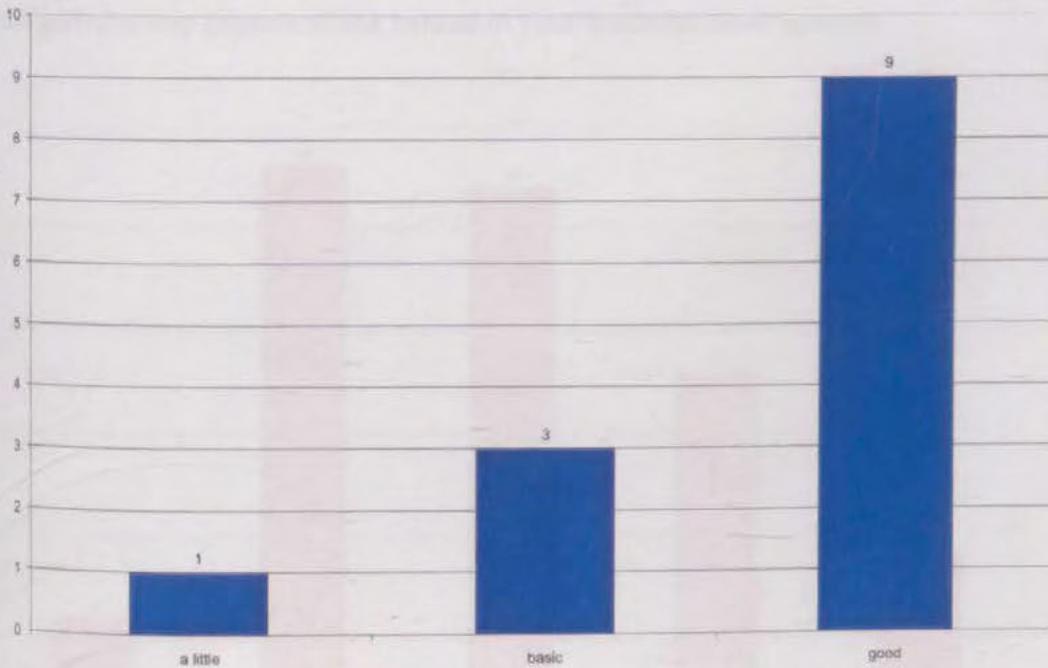
Chart 59 would you say on the whole that the business knowledge you had at start up was acquired through OTHER these were: -

From other agencies and general networking, own research, contact with other designers,

paper work from the Princes Trust.

Many respondents used a variety of organisations to help them in their business development. However, the help received varies considerably although where the Crafts Council have helped a new business 26 respondents felt that this was of great value.
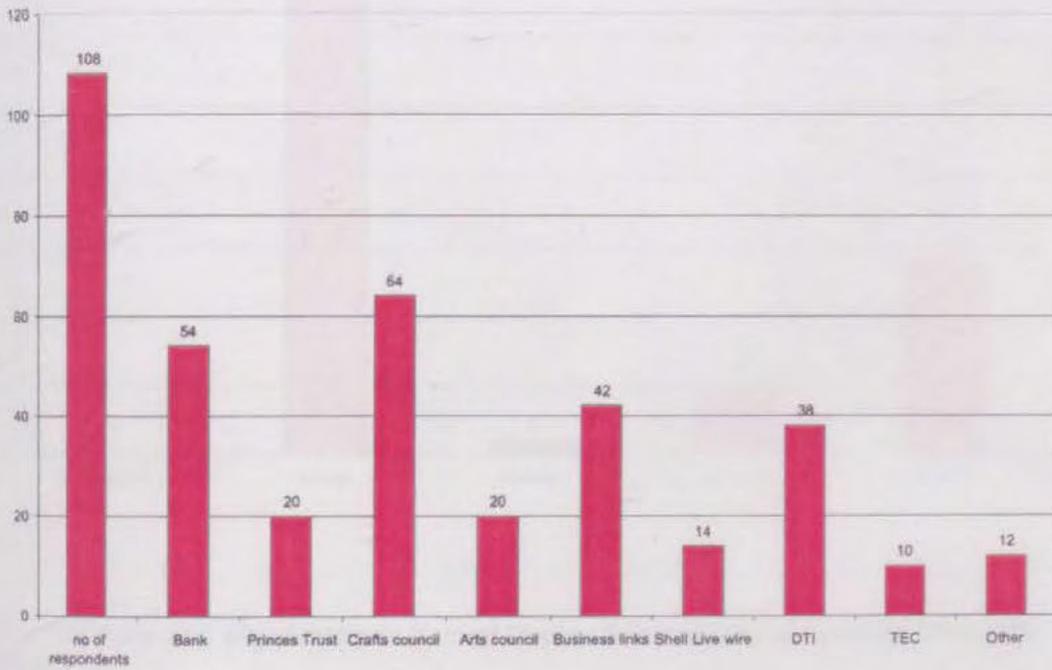
Chart 60 Have any organisations helped in your business development
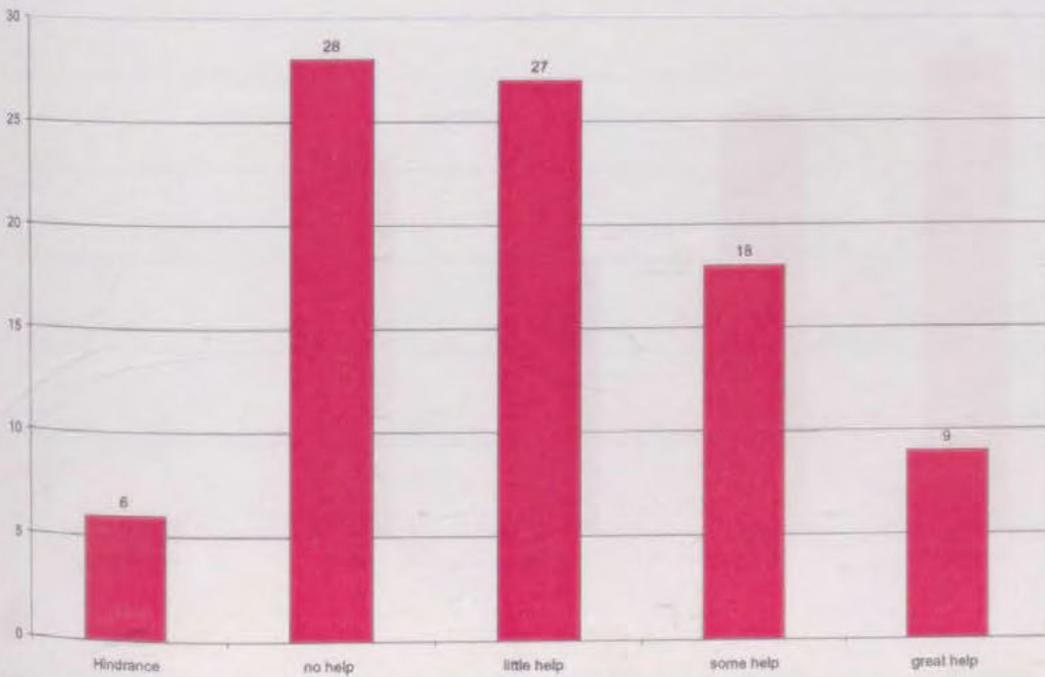
Chart 61 Have any organisations helped in your business development - BANK
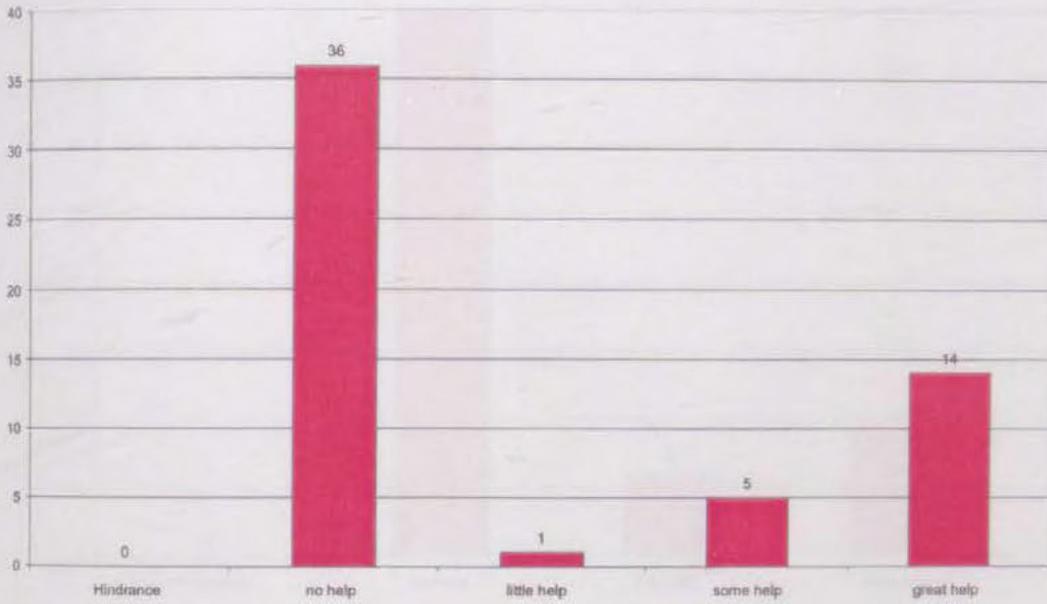
Chart 62 Have any organisations helped in your business development - PRINCES TRUST
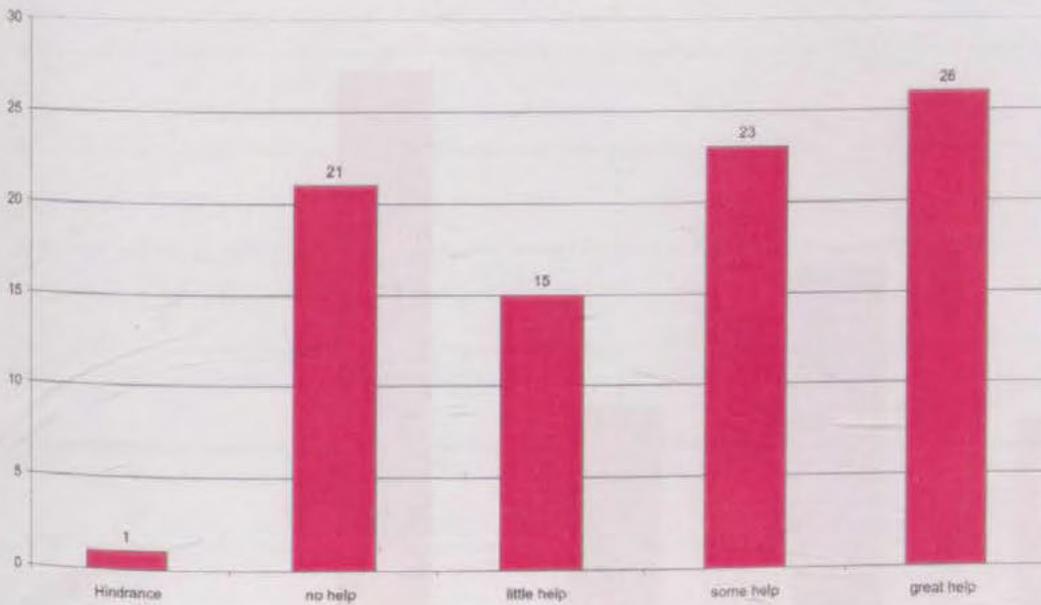
Chart 63 Have any organisations helped in your business development - CRAFTS COUNCIL
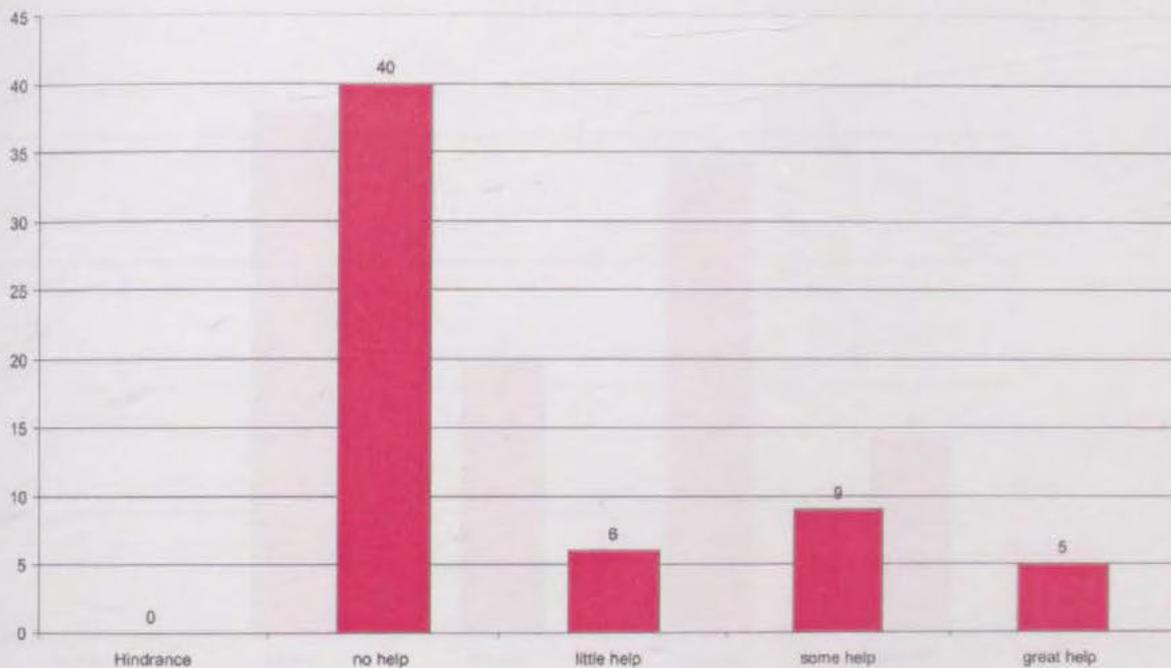
Chart 64 Have any organisations helped in your business development ARTS COUNCIL
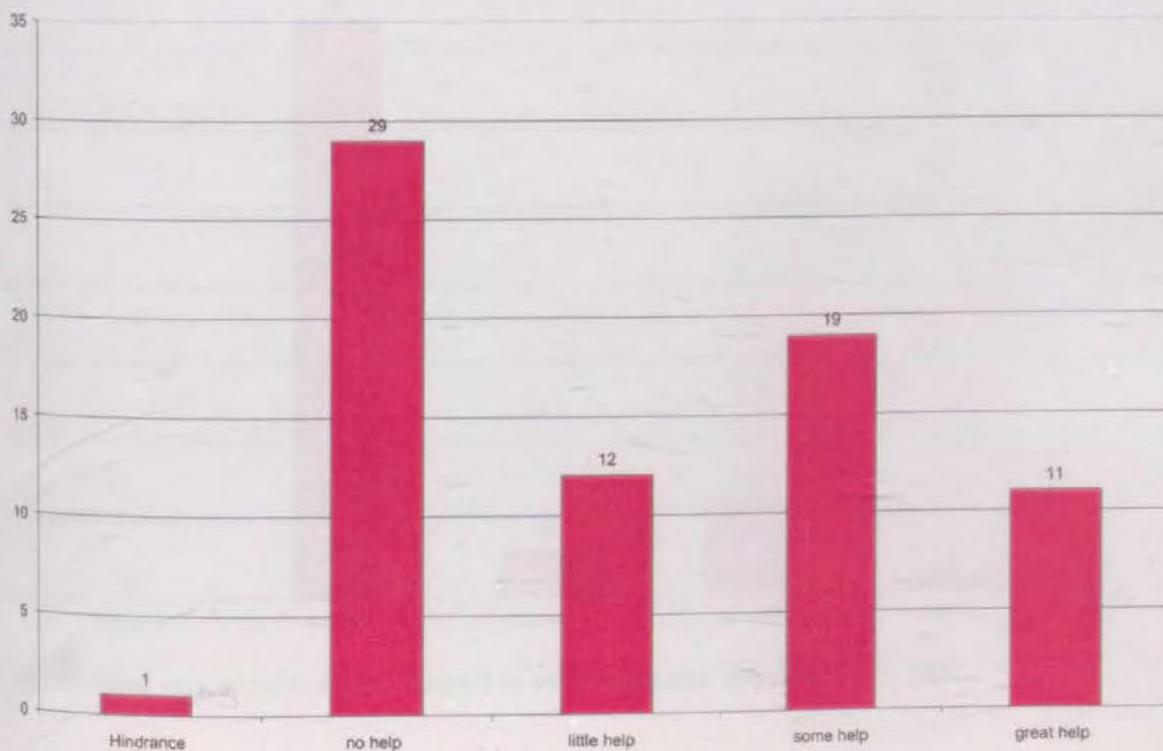
Chart 65 Have any organisations helped in your business development- BUSINESS LINKS
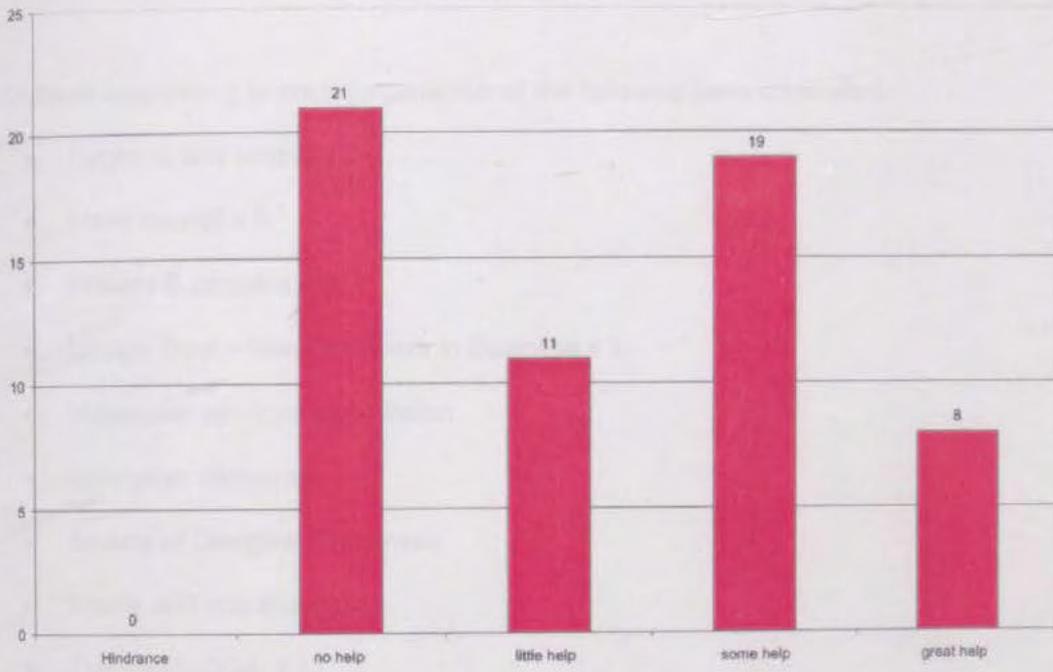
Chart 66 Have any organisations helped in your business development -DTI
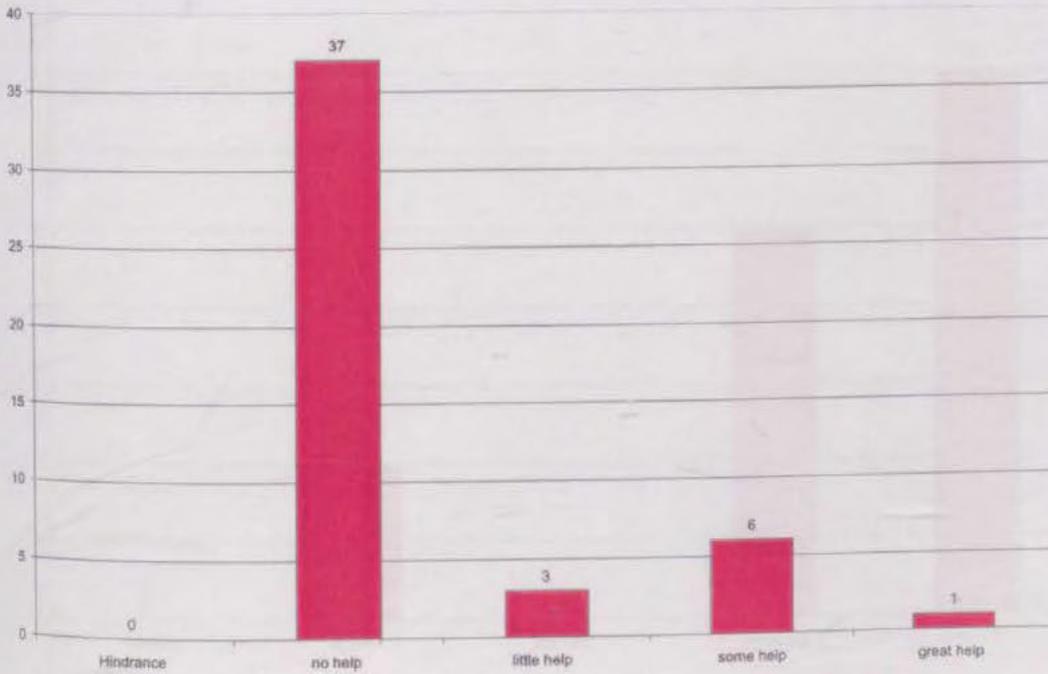
Chart 67 Have any organisations helped in your business development - TEC

Of those responding to other [organisations] the following have been sited

- Regional arts board, x 6
- Local council x 5
- Friends & partners x 3
- Design Trust - New Designers in Business x 2
- Manpower services commission
- Enterprise allowance
- Society of Designer Craftsmen
- Sports and arts foundation
- Threshold, CGA, EAT
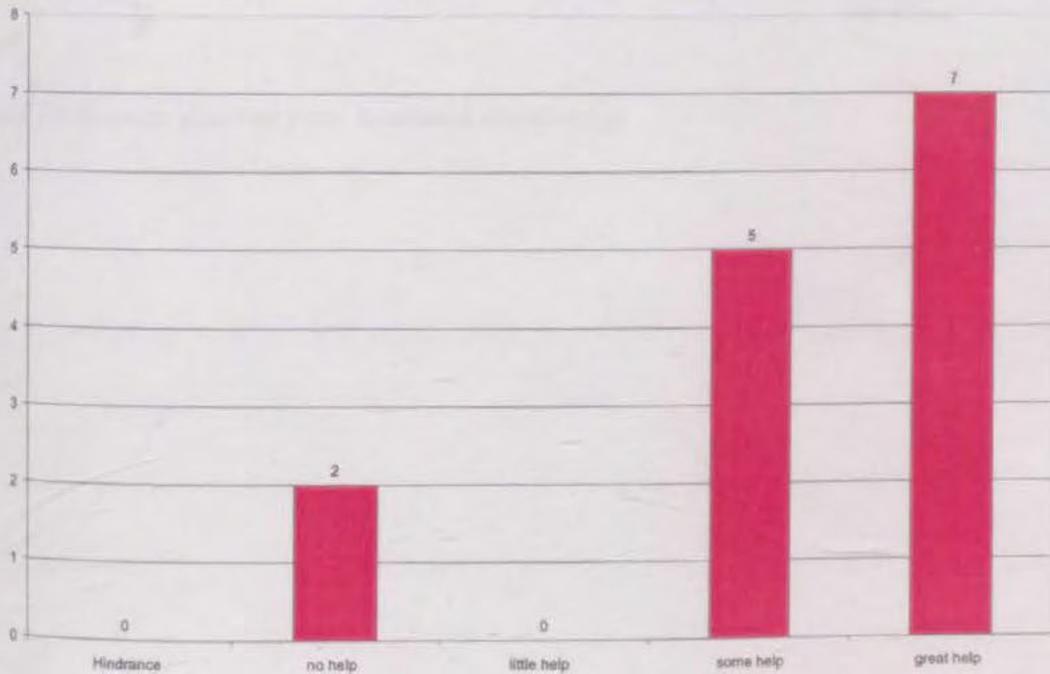
Chart 68 Have any organisations helped in your business development - OTHER

Continual development of work and continual development of customer base are seen by

most respondents as important development issues.
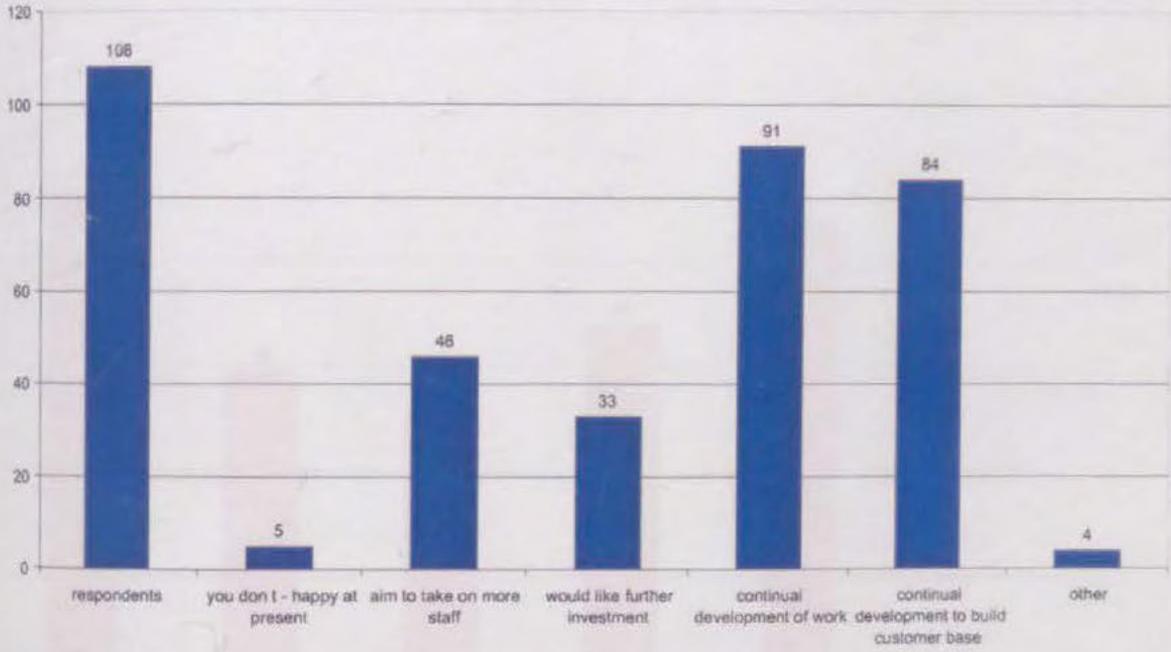
Chart 69 How do you see your business developing

Finally, when asked how the respondents felt they had learnt their business skills, 107 of the 113 respondents said trial and error — learning as they went along. This was the most commonly ticked box on all the questionnaires.
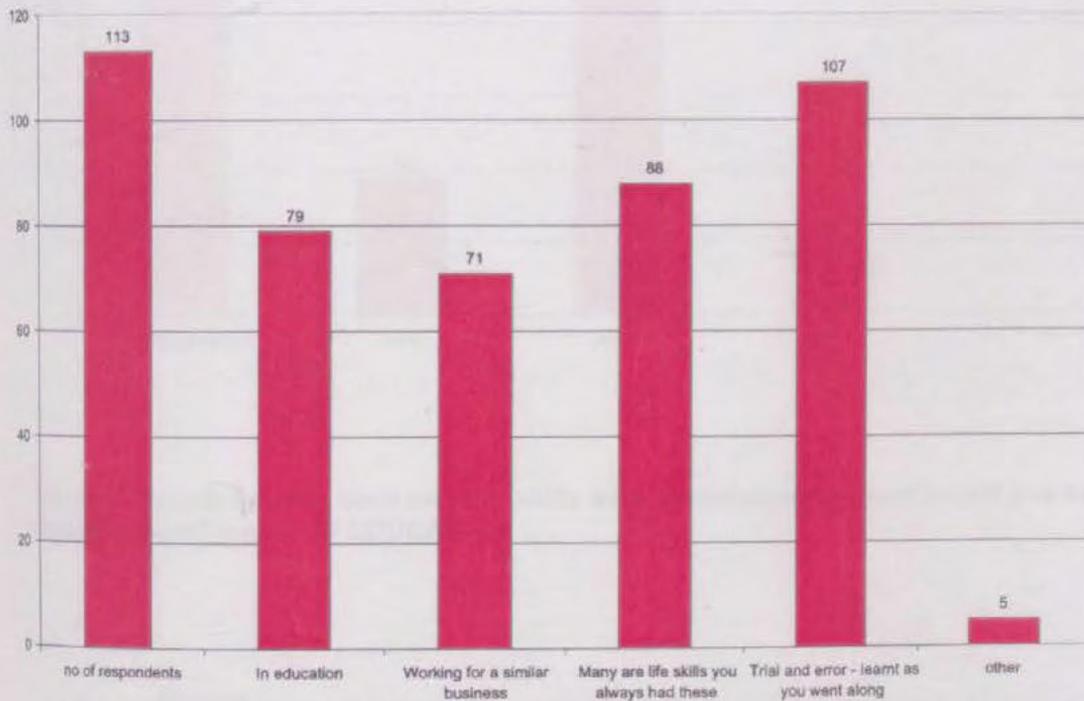
Chart 70 Looking back on your skills how would you say that you have learnt these
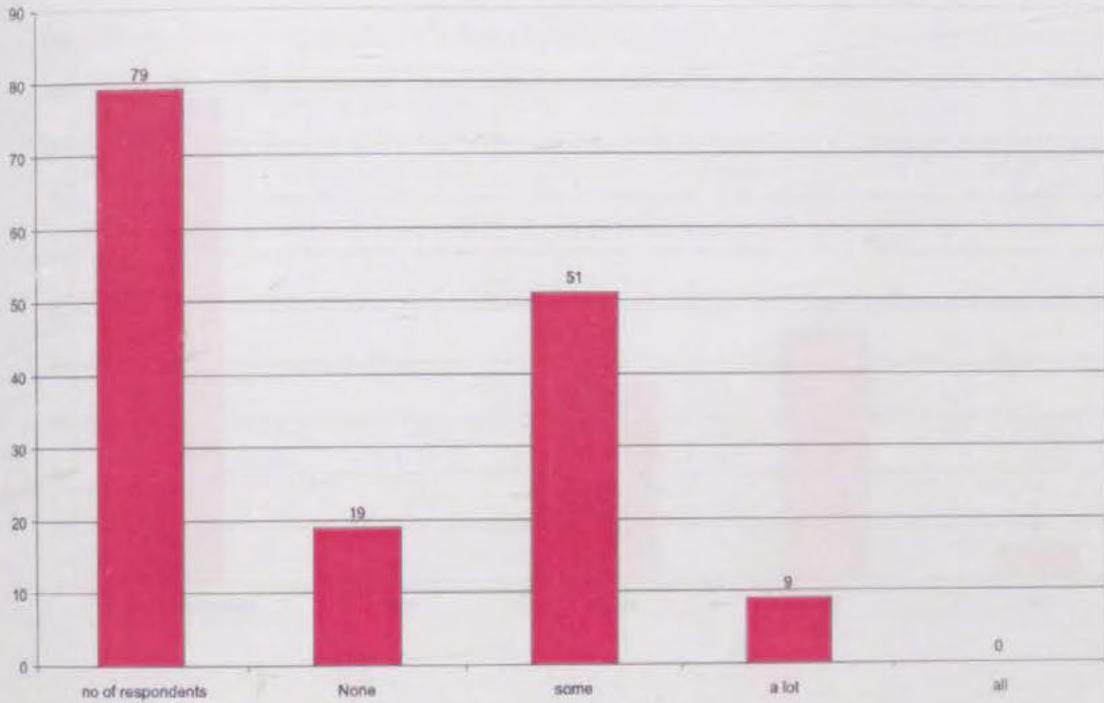
Chart 71 Finally looking back on your skills as a businessperson how would you say that you learnt these - IN EDUCATION
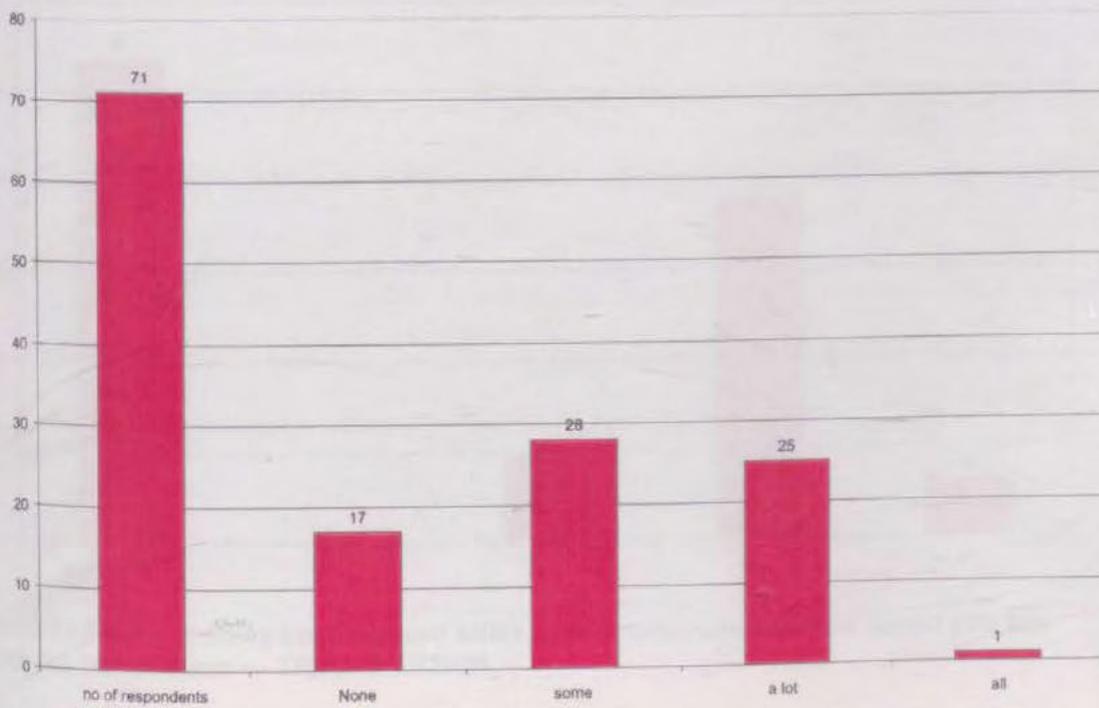
Chart 72 Finally, looking back on your skills as a businessperson how would you say that you learnt these WORKING FOR A SIMILAR BUSINESS
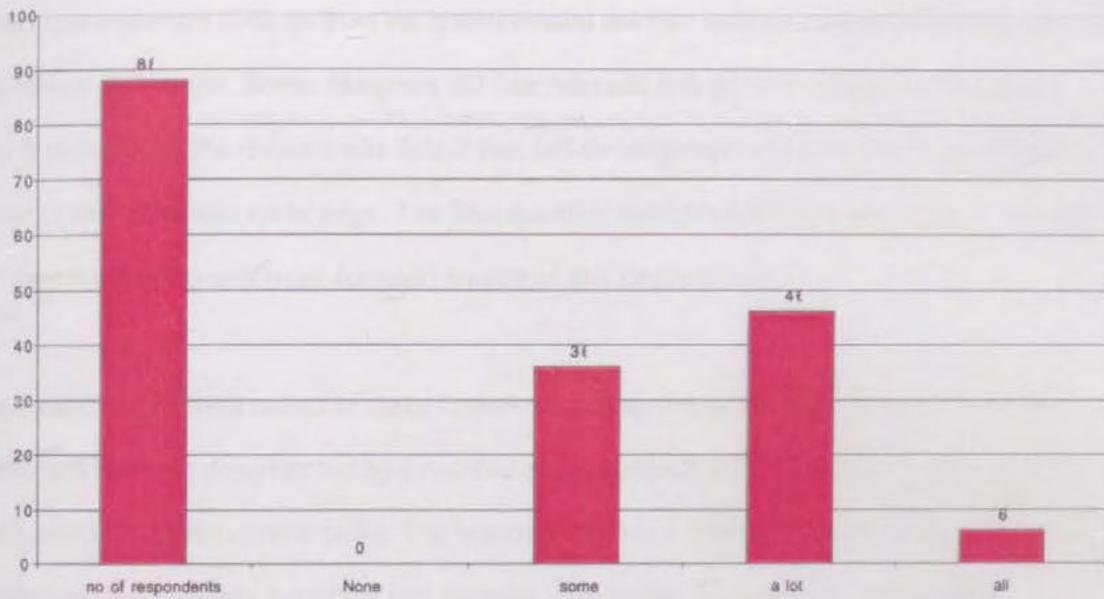
Chart 73 Finally looking back on your skills as a businessperson how would you say that you learnt these -LIFE SKILLS
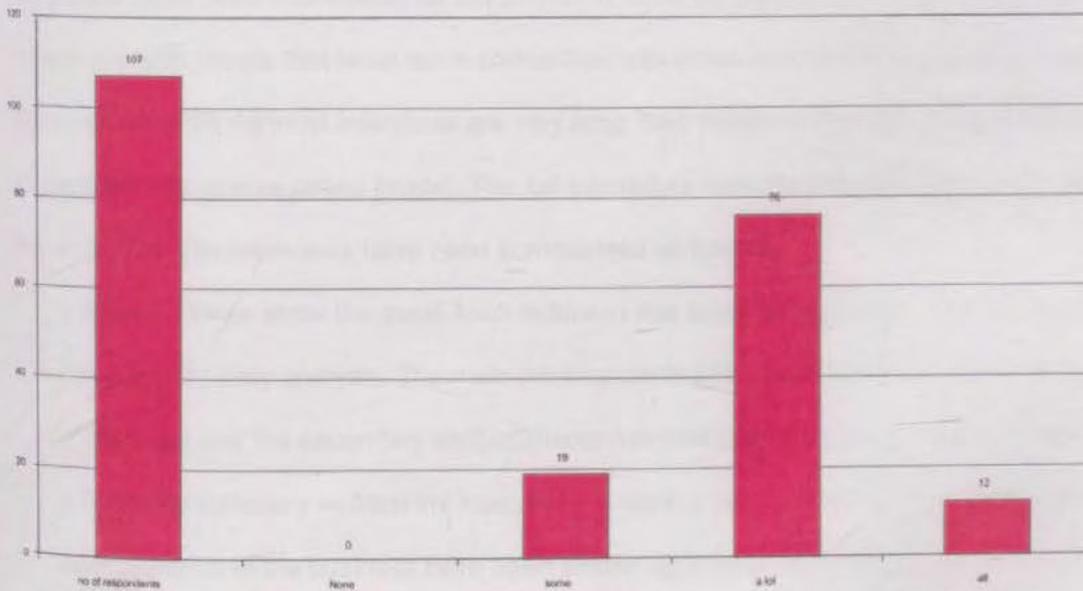
Chart 74 Finally looking back on your skills as a businessperson how would you say that you learnt these — TRIAL & ERROR

7.5. Summary

The most important findings from the questionnaire are that business development appears to be mainly self-taught. Some designers did use manuals and go on courses, but throughout the questionnaire the respondents ticked that self-development was how they have acquired most of their business knowledge. The final question confirmed that trial and error — learning as they went along was most common source of skill development.

The respondents were asked to make further comments if they wished. Of these, the most important that was documented by a number of respondents was in relation to the amount of time spent on administrative tasks. The respondents found that they spend far longer organising the business than they had realised. One textile designer who has been in business 10 years commented:

> At the outset I didn t realise how important the business side of set up would be. I now spend at least 80% of my working time working on non creative tasks.

7.6. Interviews

33 people have been interviewed for the project of those 24 are designer/makers and the others are with people that have some connection with these businesses e.g. buyers, support agencies and PR. As most interviews are very long, their business histories are documented in clear easy to assess pages [maps]. The full transcripts from the interviews can be found in the appendix. The interviews have been summarised as follows:

- Maps — these show the steps each business has taken in its lifetime. They are each on one page for easy analysis. The main developments of the business runs down the centre of the page and the secondary developments run down the left and right sides of the map.
- Business summary — from the interviews, 6 were chosen, from these the important developments of the business have been written up in brief summaries.
- Analysis —three key features which are of particularly interested have been chosen these are —

    1. Type of business
    2. Prior work experience
    3. Customer development

Researcher s own Business - Kay Originals!

Left College [1980] set up Kay Originals!
Started a £2000 overdraft working from home

Started employing staff — outworkers

Working from home, manufacturing woman s clothing, selling at **Camden Town Market, London** at the weekends 1980 -1981

Wholesaling to shop in the Kings Road

Tried mail order maternity catalogue for two seasons -

Opened stall in **Kensington market** — started to develop wholesale trade 1981 -1982

Moved into large workshop with retail frontage — useful to clear excess stock.

Following slow payments from wholesaler started trading at **Covent Garden market** at weekends 1982-1983

Through trade show, did freelance work for Laura Ashley womanswear

Took franchise in shop in **Covent Garden**, selling woman s wear1983-1984

Sold a few **Childrenswear** garments went very well

Wholesaled through a London show room

Started showing at **Trade shows** 1983 started wholesaling and retailing

Mail order designs for magazine

Showed 1st **childrenswear collection** at a **trade show** — went very well 1984

Childrenswear trade show in Paris with sponsorship from the DTI

Took on full time staff in workshop — kep outworkers

Stopped wholesaling woman s wear and concentrated on Children s clothing 1985. Showing twice a year at the **Premier Childrenswear show.**

1989 recession — many shops closed down owing me money

Through a contact started freelance designing for Mothercare Childrensworld & Primark,

1986-7 Took on **agents** to carry the collection [4] to cover UK. Selling right across UK small export trade.

In 1984 there were very few designer shops selling childrenswear — gradually over the next 10 years most high street shops started selling children s clothing gradually the independent shops disappeared

Moved out of workshop — sued by landlords having been good tenant for 15 years

1996 **stopped running Kay Originals!** because of lack of market and strong competition from cheap imports

Overdraft now £10000 would have been easy to pay off exceot for landlords costs

Started freelancing for one of my competitors for a couple of seasons.

Summary
Built up from retailing at markets to wholesaling across the country and small export orders.

1982

Left college and set up business, found small workshop, sold work at craft

Not encouraged at college to be a working potter

Crafts council setting up grant

Worked one and a half days week as a lecturer at a local college

1986

Carried on teaching to back up sales

Bigger workshop with shop front

Found good position but were not considered for shop, working with a fine

1991

Making own designs but also a small regular wholesale order regular money gave up teaching

Moved to shop and workshop premisis in prime position.

Brought lease, with fine artist.

Brought second kiln can produce twice as much work

Retail shop therefore, works weekends

Summary
Crafts council setting up grant, retailed at craft fairs, subsidised business in early days with teaching, now runs own retail outlet [with artist], some wholesale and commissioned work.

7.6.3. Chaz Nandra - Product Designer

```
┌─────────────────────────────────┐
│ Degree in Engineering,          │
│ Masters in Industrial design    │
└─────────────────────────────────┘
              │
              ▼
┌─────────────────────────────────┐
│ While at Royal College did 3    │
│ months Intern in Japan, working │
│ for a manufacturing company     │
└─────────────────────────────────┘
              │
              ▼
┌─────────────────────────────────┐
│ Graduated from Royal College    │
│ of Art 1992                     │
└─────────────────────────────────┘
              │
              ▼
┌─────────────────────────────────┐        ┌─────────────────────────────┐
│ Worked for Design consultancy — │───────▶│ Waited 6 months for a visa  │
│ building contacts               │        │ for Japan                   │
└─────────────────────────────────┘        └─────────────────────────────┘
              │
              ▼
┌─────────────────────────────────┐        ┌─────────────────────────────┐
│ Returned to Japan to work — for │───────▶│ Entered lots of influential │
│ 4 years                         │        │ Design competitions in Japan│
└─────────────────────────────────┘        └─────────────────────────────┘
     ▲        │
     │        ▼
┌──────────────┐  ┌──────────────────────┐  ┌─────────────────────────────┐
│ Met and      │  │ Approached Japanese  │  │ 80% of work came from       │
│ worked with  │  │ company — to work in │  │ Japanese contacts           │
│ another guy  │  │ UK for them —        │  └─────────────────────────────┘
│ from UK —    │  │ returned home        │
│ decided to   │  └──────────────────────┘
│ set up       │        │
│ business     │        ▼
│ together     │  ┌──────────────────────┐  ┌─────────────────────────────┐
└──────────────┘  │ Set up design        │  │ Won two competition [top 3  │
                  │ consultancy in UK    │  │ in 2 more] in Japan =       │
                  └──────────────────────┘  │ publicity in Japan & UK     │
                         │                  └─────────────────────────────┘
                         ▼
                  ┌──────────────────────┐
                  │ Building a reputation │
                  │ on producing great    │
                  │ work .                │
                  └──────────────────────┘
```

Summary
Prior experience working in Japan, set up own UK design consultancy with partner, with Japanese customer [previous employer]. Built on reputation by doing good work and winning prestigious competitions.

7.6.4. Ian Gill - Interior Products

```
┌─────────────────────┐
│ Worked for a        │
│ blacksmith — learnt │
│ his trade           │
└─────────────────────┘
          │
          ▼
┌────────────────────────────┐          ┌──────────────────┐
│ Partner took some          │─────────▶│ Started          │
│ candlesticks that Ian had  │          │ making wine      │
│ made to work and sold them │          │ racks etc —      │
│ — took more orders         │          │ Partner          │
└────────────────────────────┘          │ made             │
          │                             │ candles          │
          ▼                             └──────────────────┘
                                        ┌──────────────────────────┐
┌─────────────────┐   ┌──────────────┐  │ Asked the banks for a    │
│ Started         │◀──│ Started doing│─▶│ lone with no collateral  │
│ wholesaling —   │   │ small music  │  │ -banks weren t interested│
│ retailers put   │   │ festivals and│  └──────────────────────────┘
│ large mark up on│   │ craft fairs  │  ┌──────────────────────────┐
│ the goods       │   └──────────────┘─▶│ Cashed in Pension fund   │
└─────────────────┘          │          │ £450 opened bank account │
                             │          └──────────────────────────┘
                             │          ┌──────────────────────────┐
                             │         ▶│ Took on small workshop   │
                             ▼          └──────────────────────────┘
```

| artner ook part me job to ake ends | ◀── | Carried on with craft fairs to make ends | ◀── | Opened 1st shop — but wasn t open for long as it was due to be re developed- Ian unaware of this |

```
          │
          ▼
┌────────────────────────────────┐
│ Started to specialise for      │
│ different fairs — Gothic,       │
│ garden etc sales increased     │
└────────────────────────────────┘
       │              │
       ▼              ▼
```

┌─────────────────┐
│ Bartered with   │
│ builders to fit │
│ shop out   │
└─────────────────┘

┌─────────────────┐   ┌──────────────────┐   ┌──────────────────────┐
│ Buys in smaller │◀──│ Opened bigger   │◀────▶│ Sells at big   │
│ bits to sell in │   │ shop — employs   │   │ festivals in the   │
│ shop   │   │ staff   │   │ summer to supplement │
└─────────────────┘   └──────────────────┘   │ income   │
                                                └──────────────────────┘

┌──────────────────────────┐
│ Designs have been copied │
│ and manufactured cheaper │
│ abroad   │
└──────────────────────────┘

┌──────────────────────┐
│ Brought coach to do │
│ festivals in   │
└──────────────────────┘

┌──────────────────────┐
│ Commissions for   │
│ people worldwide   │
└──────────────────────┘

Summary
Built up gradually from retailing at local craft fairs, summer festivals to own retail outlet. Also undertakes commissions.

Making commissions for ex tutor most went to the far east- he had work in the trade for years and gradually built his business up

Worked for a year for college tutor — silversmith after graduation

78

Produced small amount of work himself

Set up own workshop

Supportive partner helped with finance

79

Teaching part time to help with finances

Took two years to build up stock for show

81

One-man show "30 pieces of silver"

From show received commissions

Produced a catalogue to send out to prospective customers

Carried on teaching

Group of silversmiths got together to form ADBS worked together at shows etc- contact through Crafts council

95

Craft fairs and trade shows work exhibited at shops Liberty of

Including exhibiting abroad sponsored by the Crafts council and the DTI

97

Gave up teaching to concentrate on silversmithing full time

Working as a group cheaper to get good stands at big trade shows with possibility of doing mail order

Exhibited at seven shows
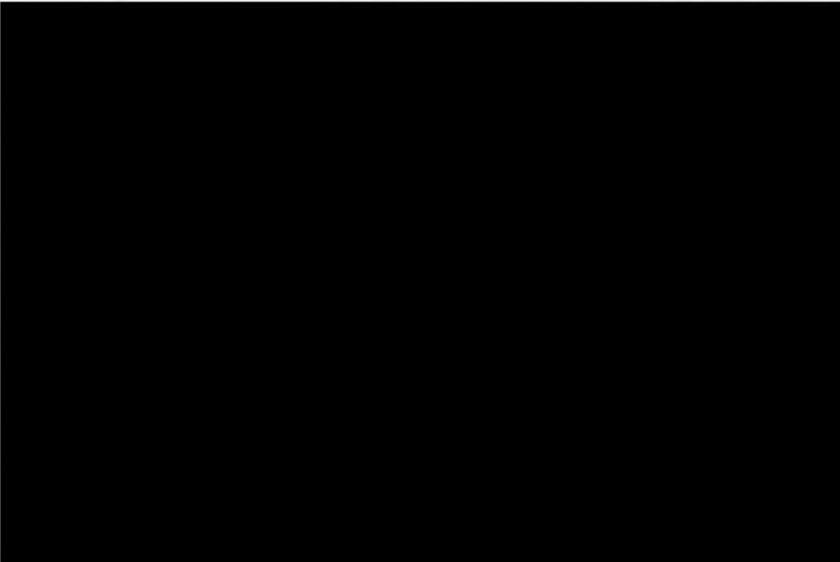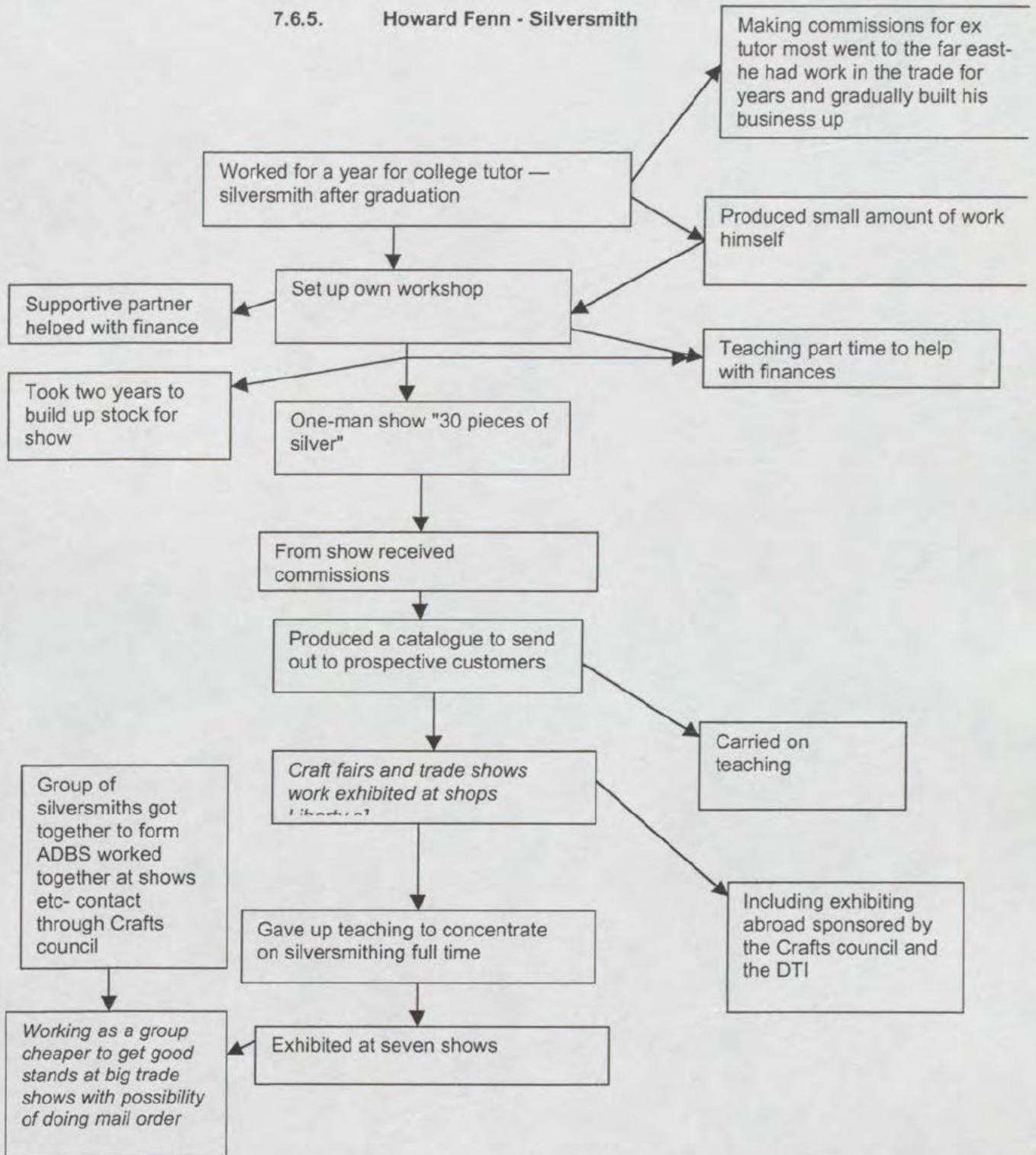
Summary
Prior experience, spent two years building up for first show — subsidised by teaching and partner, retails and undertakes commission work.

7.6.6.   Katie Stirling - Milliner

```
                    ┌──────────────────────────┐
                    │ Worked for Stephen Jones │
                    │ the milliner — learnt    │
                    │ trade                    │
                    └──────────────────────────┘
                                │
                                ▼
                    ┌──────────────────────────┐
                    │ Worked for a record      │
                    │ company and they went    │
                    │ out of business          │
                    └──────────────────────────┘
                                │
                                ▼
                    ┌──────────────────────────┐
                    │ Had learnt trade from    │
                    │ Stephen — decided to     │
                    │ have a go herself        │
                    └──────────────────────────┘
                                │
                                ▼
                    ┌──────────────────────────┐
                    │ Applied and received an  │
                    │ enterprise grant         │
                    │ [about 1983 —1984]       │
                    └──────────────────────────┘
                                │
                                ▼
                    ┌──────────────────────────┐
                    │ Started running a market │
                    │ stall at Camden Town -   │
                    │ London                   │
                    └──────────────────────────┘
```

- Received lots of wholesale orders as well as retail
- Retailed at Covent Garden apple market
- Gave up Retail to concentrate on wholesale
- Used outworkers to help when busy — dint employ anyone
- Turnover was reaching VAT threshold
- Still did small wholesale orders to people through the stalls
- Wholesale got to busy — so went back to retail — back to Camden first and then added Covent Garden

Summary
Prior experience, enterprise grant helped start the business, retail at prestigious London markets and wholesale.

7.6.7. Juliet Thomas – Jeweller

Left college having studied jewellery and silversmithing, started business, working from home

Applied for a grant from enterprise allowance

Moved into a workshop

Worked part time for a jewellers to aid cash flow

Workshop broken into lost everything-moved into basement of jewellers who she was working part time for

Applied for Princes Trust grant – had mentor to help with business

Could test new designs in the shop

Took on 2 agents one for the south and one for the north to sell stock

Agents helped get slow payments and advised against dealing with poor payers

Employed an assistant and at busy times used local jewellers to help build up stock.

Started to show at trade shows

Had bookkeeper to help with the accounts

Dealing with bigger companies was often more trouble than it was worth

Lost southern agent so went out on the road – interesting to meet the customers

Summary
Started with help from an enterprise grant, wholesaled using agents and exhibiting at trade shows.

Founded company — graphic and industrial design in 1981

↓

Worked for a variety of companies building up knowledge

↓

Wanted a pushchair that would go on country walks etc

Developed idea when the company wasn t busy — when work came in — had to do that to pay the bills

↓

Develop way of manufacturing chair.

↓

Too costly to wholesale — decide on direct marketing

↓

Choose Internet to reach public.

↓

Produce a brochure — to mail shot — [select mail shot only]

Worked for company to keep income ongoing while develop the pushchair
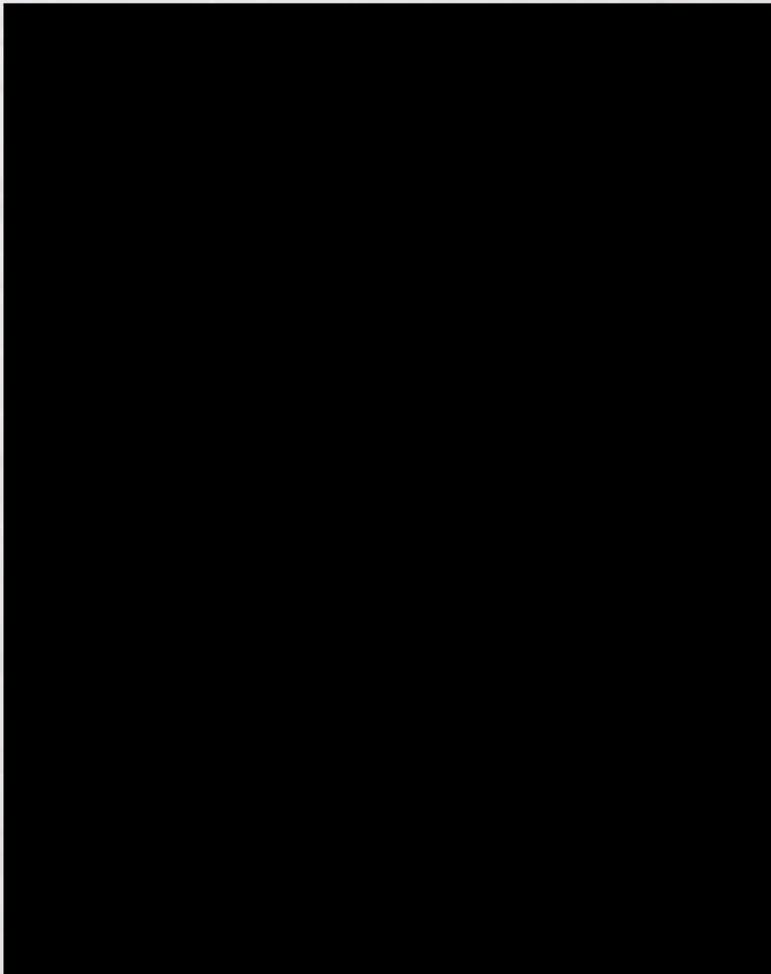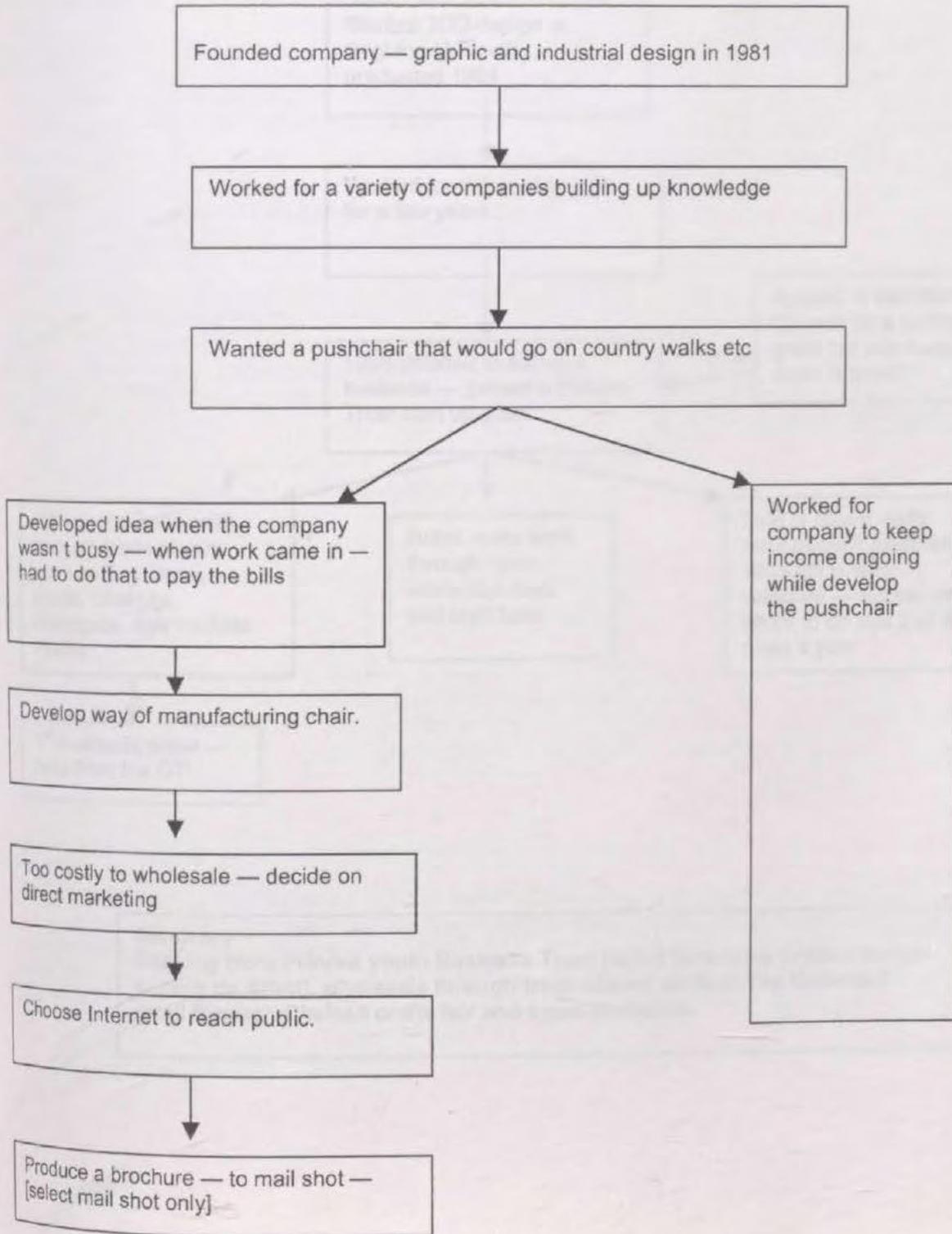
Summary
Runs graphic design company, Walkabout product designed and developed over 10 years, direct selling through the Internet and mail order.

Studied 3DD design at Brighton University graduated 1994

↓

Worked for different people for a few years

↓

1998 decided to set up a business — gained a Princes Trust start up grant

→ Applied to the Crafts Council for a setting up grant but was turned down 3 times

Wholesale -sells work through trade shows such as Top Draw, Mode, Chelsea, Harrogate, and Hatfield House

↓

1st overseas show — help from the DTI

Retail -sells work through open workshop days and craft fairs

Sale or return -sells work through galleries - although is very selective — but can only afford to do that 2 or 3 times a year

Summary
Backing from Princes youth Business Trust [failed to receive Crafts Council setting up grant], wholesale through trade shows such as Top Draw and retail through Chelsea crafts fair and open workshop.

7.6.10. Andrew Jackson - Furniture Designer

Left College worked for a small company making furniture → Worked for a design consultancy – made redundant → Worked in another small workshop – The owner decided to close down

Decided to take on the workshop and **start own business** → Wrote business plan-Borrowed £2000, bank gave overdraft of £3000

Went into **partnership** with fellow student

Worked for friends and family –[not always doing what the business was set up to do]- gradually built up from there → Fitted a shop in Covent Garden – made no money – lost leader → Got press coverage by photographing all installed work

Started to show at trade shows- had to put a range of items together

Partner left took on another partner got crafts council and DTI grant £5000 Took promotion far more seriously

Exhibitions abroad sponsored by the

Andrew sold out to partner who is still trading. Partner took on Business manager instead of design partner when

Summary
Backing from bank and private source, latter added DTI grant and Crafts Council setting up grant, commissions and trade shows. Finally sold out because too much time was spent running the business and not designing.

7.6.11. Carol Mather - Jeweller & Silversmith

```
┌─────────────────────────────────┐
│ Studied for a degree in 3DD     │
│ [wood, metal and textiles]      │
└─────────────────────────────────┘
                │
                ▼
┌─────────────────────────────────┐
│ Left college and started her    │
│ jewellery business              │
└─────────────────────────────────┘
                │
                ▼
┌─────────────────────────────────┐
│ Within a year applied for Crafts│
│ Council setting up grant and    │
│ moved into a workshop           │
└─────────────────────────────────┘
                │
                ▼
┌─────────────────────────────────┐
│ Started showing at trade shows  │
│ such as Top Draw — but because  │
│ of cost shared her stand with   │
│ two other exhibitors            │
└─────────────────────────────────┘
```

```
┌──────────────────┐
│ Shown at Chelsea │
│ Crafts fair for  │
│ 7 years          │
└──────────────────┘

┌──────────────────┐                              ┌──────────────────────┐
│ Through DTI      │   ┌─────────────────────┐    │ Regularly has open   │
│ sponsorship has  │   │ Gradually built up  │    │ days at her workshop │
│ shown 5 times in │◄──│ customers and is    │──► │ to sell work.        │
│ America          │   │ able to show at     │    └──────────────────────┘
└──────────────────┘   │ trade shows on her  │
                       │ own -               │    ┌──────────────────────┐
┌──────────────────┐   └─────────────────────┘──► │ Sells Sale or Return │
│ Shows include    │                              │ to a few prestigious │
│ Harrogate gift   │                              │ shops.               │
│ fair, Top Draw,  │                              └──────────────────────┘
│ Birmingham Gift  │
│ fair             │
└──────────────────┘
```

Summary
Crafts Council setting up grant, Wholesale through trade shows, retail through Chelsea Crafts Fair

7.6.12. Peter Layton — Glassblowing

Studied ceramics at college -

↓

Graduated and taught ceramics for about 10 years — learnt about Glassblowing

→ Carried on teaching for a few years

↓

Started business as a glass blower

↓

Sold to galleries and shops by carrying the stock around

↓

Stated showing at craft fairs — Chelsea Crafts Fair

→ Employs people to help, although they are sometimes freelancers, who also do their own work.

↓

Shows at major Trade Shows UK and Abroad

→ Sponsored by DTI to show in New York & San Francisco

Summary
Gradually built up wholesale contacts and retails through Chelsea Crafts fair

Degree in textiles

Graduated 1998

Undertook a number of work placements while still at college- good experience.

Showed at New Designers in London while still at college - sold handbags from final college collection

Left college and went to America to do work experience for three months when she graduated.

Worked for other people but didn t like it decided to set up own business

Takes every opportunity to apply for grants etc

Applied and received Crafts Council setting up grant

Has made some good contacts through the photostore at the Crafts Council

Sells through trade shows — such as Chelsea, has shown abroad — New York. Possibility of Japanese trade mission.
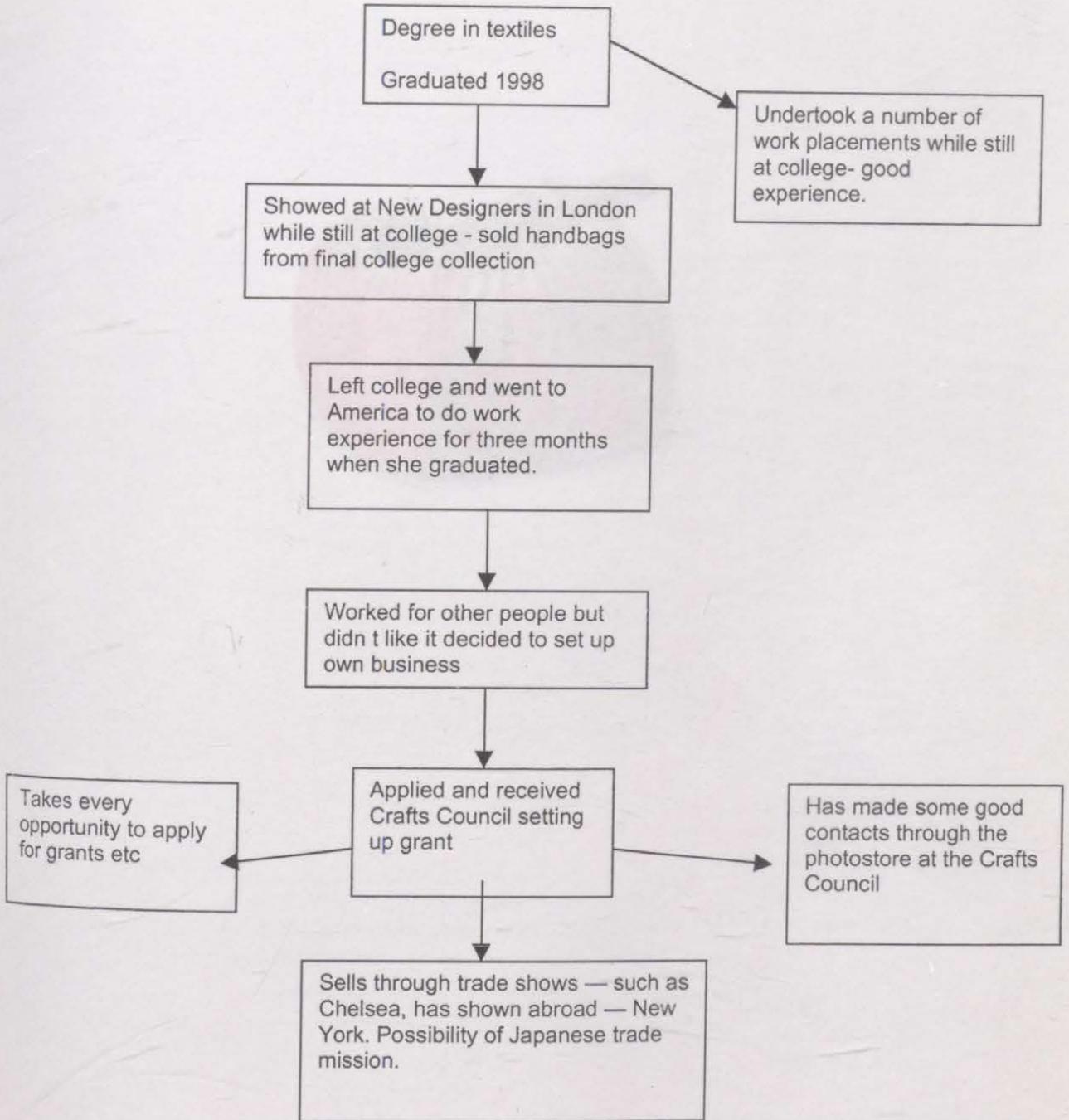
Summary
Crafts Council setting up grant, wholesale and retails through Chelsea Crafts fair.

Lisa Hammond – Potter

```
┌─────────────────────────┐
│ Graduated in 1979 – took 6│
│ months out               │
└─────────────────────────┘
            │
            ▼
┌─────────────────────────┐
│ Set up own pottery business│
└─────────────────────────┘
            │
            ▼
┌─────────────────────────┐        ┌─────────────────────────┐
│ Sold regularly at Covent │───────▶│ Taught at Goldsmiths     │
│ Garden market and through a│      │                          │
│ shop at her workshop     │        └─────────────────────────┘
└─────────────────────────┘
            │
            ▼
┌─────────────────────────┐
│ Gave up the business to  │
│ concentrate on teaching – then│
│ travelled  - taught abroad│
└─────────────────────────┘
            │
            ▼
┌─────────────────────────┐        ┌─────────────────────────┐
│ 1994 – set up Maze Hill felt like it│  │ Continually appears in   │
│ was starting from scratch│        │ magazines – either by    │
└─────────────────────────┘        │ advertising or in features│
            │                      └─────────────────────────┘
            ▼                              ▲
┌─────────────────────────┐                │
│ Sells through – Chelsea, trade shows,│───┘
│ Galleries, own retail outlet attached to│
│ workshop.                │
└─────────────────────────┘
```

Summary
Built business up through craft fairs, some wholesale, retails at Chelsea Crafts fair, keeps up awareness by making sure she has regular press coverage.

Studied at Middlesex University

Worked for theatre companies — fashion designers

Gained a Prince Trust start up grant

Support from Hidden Art [East London]. Shown work in New York

Through 100% design DTI contacted Sharon and supported overseas trade shows in Japan & Philippines

Started exhibiting at trade shows — shared stand with other exhibitors to reduce cost

Exhibited at Chelsea — but wasn t right market

Through trade shows has received some good publicity

Teaches part time

Exhibits on her own at different trade shows such as 100% design

Through trade shows has been asked to exhibit on web sites

Sells work through web site worldwide
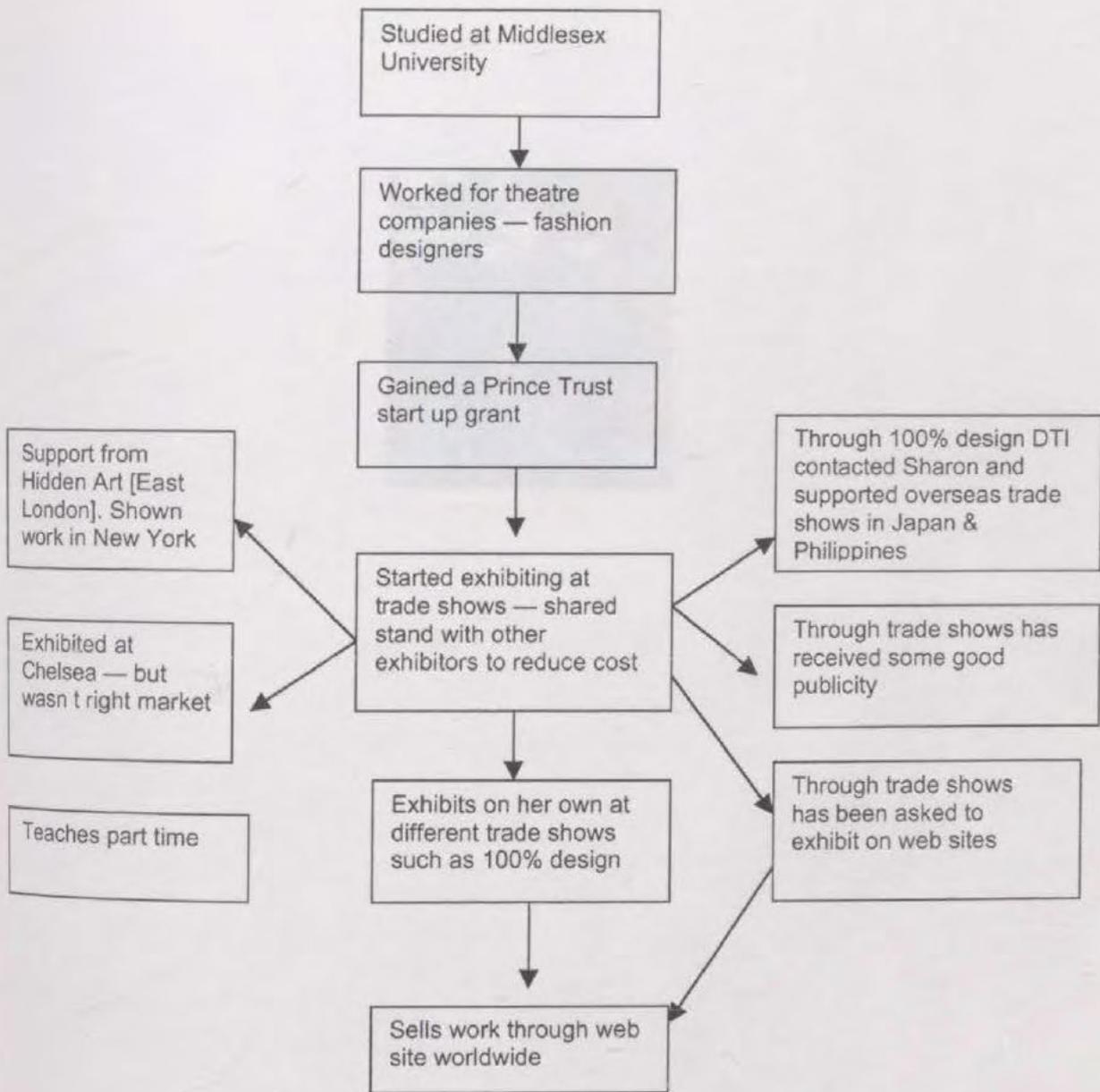
Summary
Started with Princes Youth Business trust grant, shared trade show stands with other designers in early days, wholesales through trade shows and works on commissions.

Ruth Dresman

Graduated from college and
worked for a glass wear
workshop then a gallery
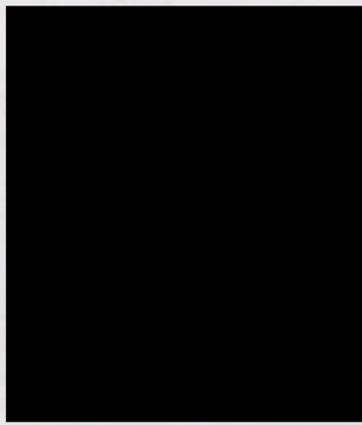
Undertook a Southern
Arts training
programme

Set up own glass blowing
business

Started selling work locally to
small outlets — but work was
really too expensive

Tries to avoid sale or
return — unless it is a
prestigious gallery and it
looks good on her CV

Accepted for Chelsea Crafts
Fair — applies every year

If Ruth shows at
Chelsea, she can sell
two thirds of her stock for
the year there.

Keeps in touch with all her
good customers to keep them
supplied with current stock

Works with and architect
to receive specialised
orders

The business can grow no bigger
as Ruth now sells all she makes
and doesn t want to take on
anyone else to make the work.
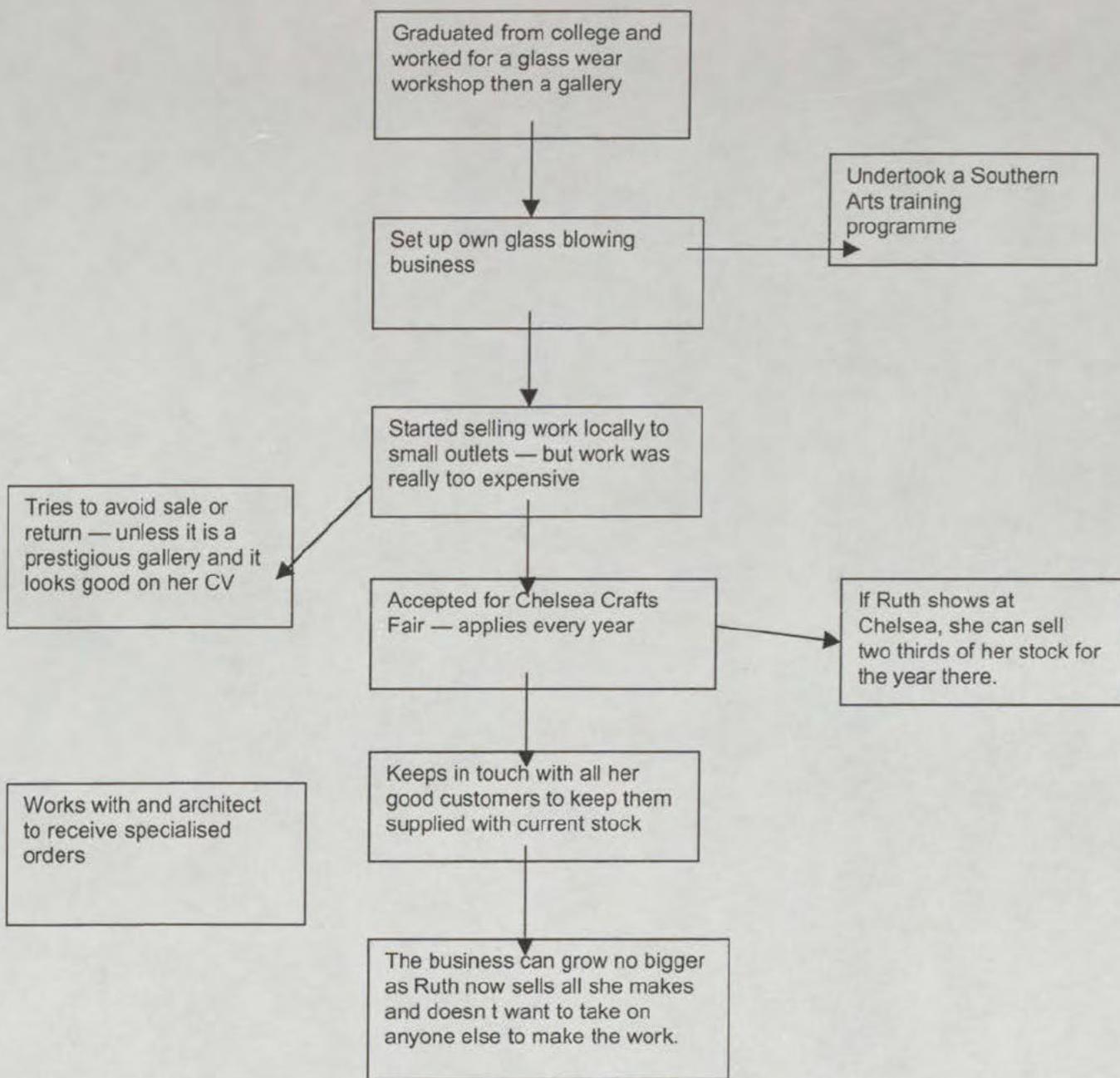
Summary
Southern arts helped with business start up, retails through Chelsea
crafts Fair and works on commissions.

```
┌─────────────────────────┐
│ Graduated in ceramics   │
│ and started working     │
│ with a ceramicist       │
└───────────┬─────────────┘
            │
            ▼
┌─────────────────────────┐
│ Went to Jewellery       │
│ evening classes         │
└───────────┬─────────────┘
            │
            ▼
┌─────────────────────────┐
│ Set up a jewellery      │
│ business                │
└───────────┬─────────────┘
            │
            ▼
┌─────────────────────────┐
│ Took her work to shops –│
│ jewellery and craft and │
│ selling stock           │
└───────────┬─────────────┘
            │
            ▼
┌─────────────────────────┐
│ As craft fairs started, │
│ she started showing at  │
│ them -                  │
└───────────┬─────────────┘
            │
            ▼
┌─────────────────────────┐
│ Started showing at      │
│ Chelsea – made a big    │
│ difference to her       │
│ business – wholesale    │
│ and retail. Has been    │
│ selected 4 times.       │
└─────────────────────────┘
```

Taught evening classes

Work is also exhibited through slide index at Southern arts

Made wholesale contacts at craft fairs

If Syann doesn't get selected for Chelsea – she will re-contact old customers
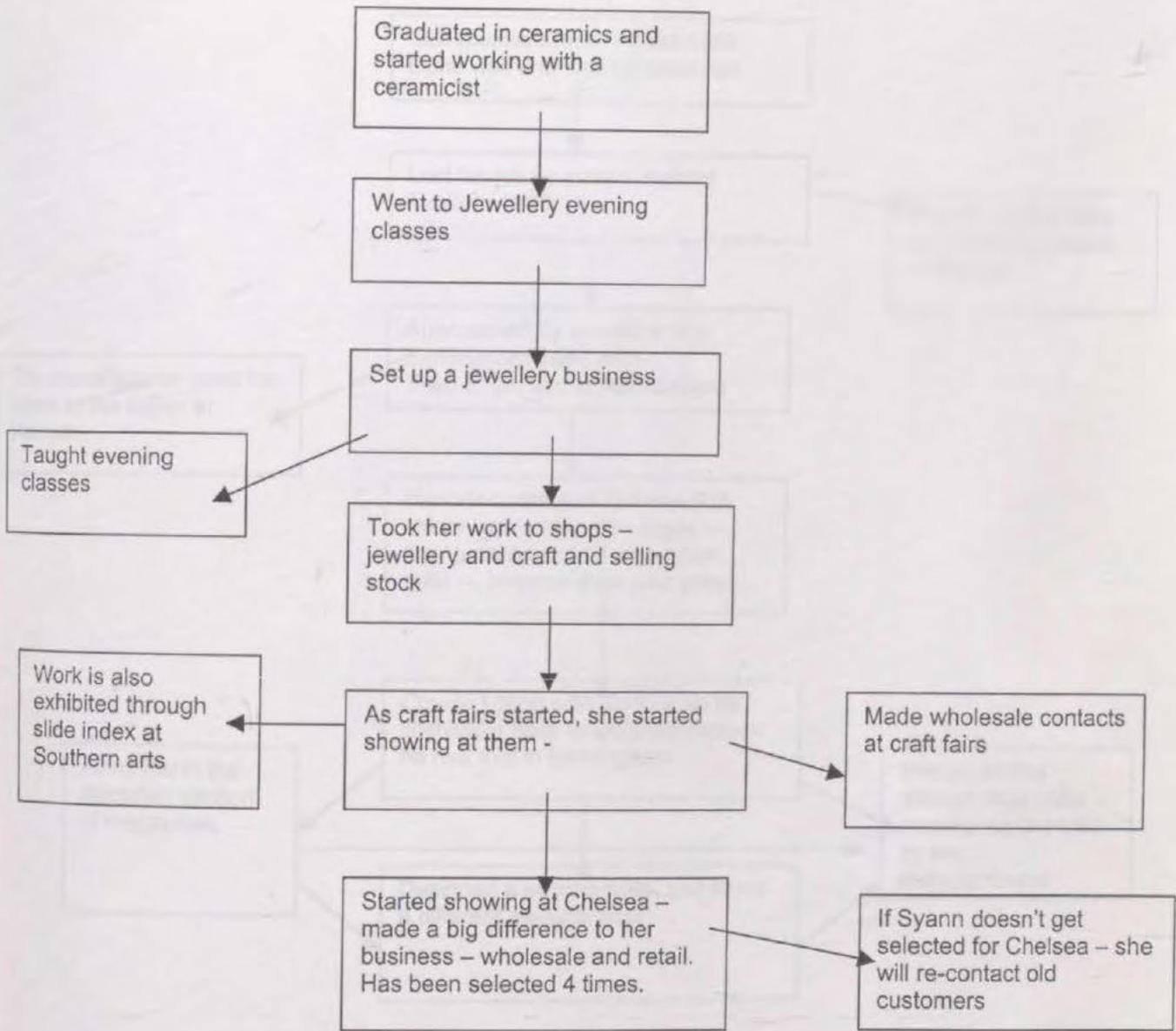
Summary
Built up business by wholesaling to retail outlets, mainly retails own work now through Chelsea Crafts Fair.

7.6.18. Thomas Bailey - Furniture Designer

Commercial artist — 1983-1988
Done well until market saturated

Lost his job so started making furniture 1995

Won Shell Live Wire new businessperson of the year.

Approached by someone at a Birmingham trade show.
Tried to get him to manufacture

The manufacturer gave his name to the buyer at Harrods

Harrods contacted Thomas and asked him to meet the buyer — they ordered a child s bedroom suite — became their best seller

Couldn t cope with work — so he licensed it back to the manufacturer he had met in Birmingham

Advertise in the classified section of magazines

Started selling through mail order — catalogues financed by the manufacturers.

Designed a second suite, and found a different manufacturer

Summary
Designed furniture — organised manufacture by small factory, wholesales and mail order.

Vanessa Johnson - Silversmith

Studied in general art & Design to
degree level — masters in
Silversmithing

Received Princes
Youth loan and
enterprise grant

Set up business with the help of
Taylors Burgess Fellowship Trust in
Birmingham

Set up workshop with 3 other
designers from Trust

Showed at Harrogate craft fair with
the Trust in a group show —
wholesale show.

Has not always been
selected for Chelsea —
but applies each year.

Showed at Chelsea Crafts fair - retail

Can only afford to show
at two or three shows a
year, as they are so
expensive

Exhibited at Top Draw, Spring fair -
on her own - wholesale
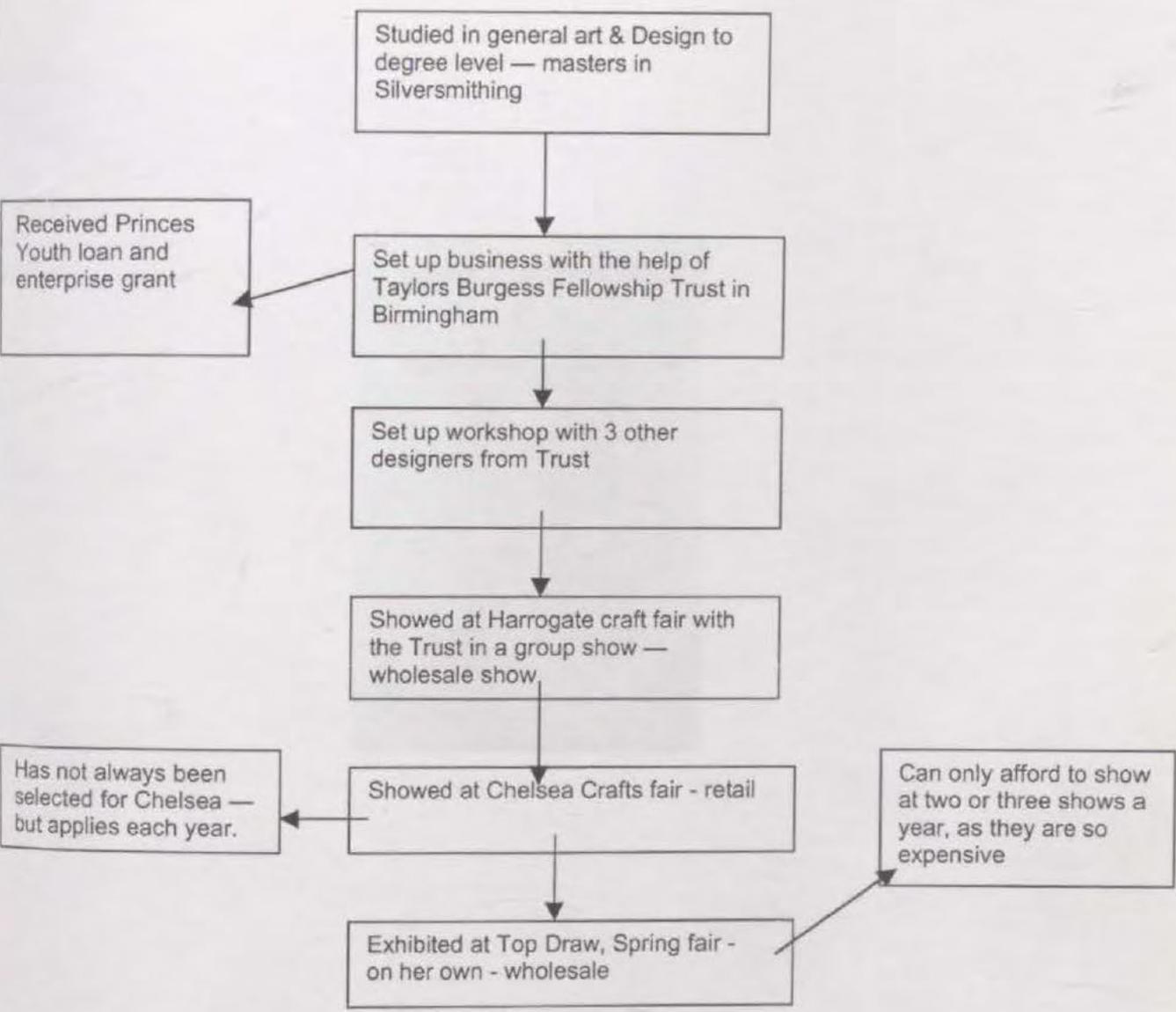
Summary
Set up with Enterprise grant, built up wholesale through trade shows, retails at
Chelsea Crafts Fair.

Studied product Design
BA
Furniture design MA RSA

Worked for Tom Dixon as a furniture designer
Ran projects by himself for the company.
Made contacts

Used Tom Dixon s studio to do own work built up portfolio of design

Build up confidence to take on big budgets

Tom Dixon opened shop sold two of Simon s designs

Set up own Ltd Company Sam Design had already built up customer through Tom Dixon took

Make vacuum forming contact who helps produce goods cheaply and quickly in small or large quantities

Through Tom Dixon, shop receives lots of publicity in magazines and national papers

Make contact with agents who by the work and sell it on through Europe.

Approached by Alessi and Design museum to display work

Starts to design and produce prototypes but not manufacture — sees this as the future

Summary
Prior experience wholesales and works on commissions, uses agents. First customers came from prior experience job.

Studied furniture design at college

Left college – set up a design practise

Set up furniture business – initially selling to shops

Started to sell direct through places like the Chelsea Crafts Fair

Sell a lot through contracts work

Workshop has window on main road

Took on a business partner – who took over sales and promotion

Try to show at Chelsea Crafts Fair annually – very good for business

Employ a number of makers to produce stock and an administrator to help with the running of the business

Today [22 years on], David concentrates on design and production while his partner concentrates on sales and promotion.

Have a web site to help with sales and promotions
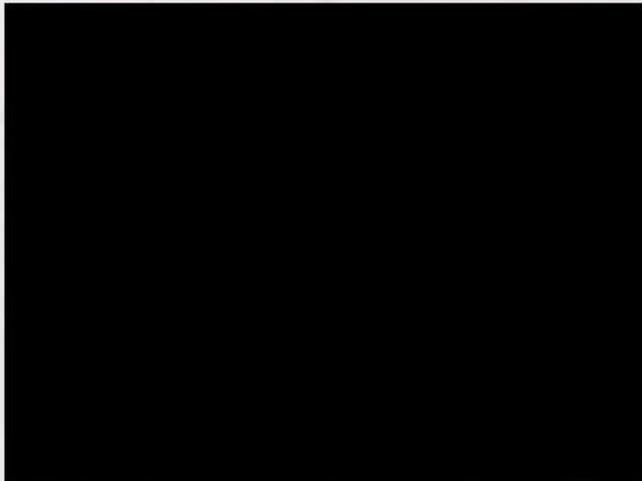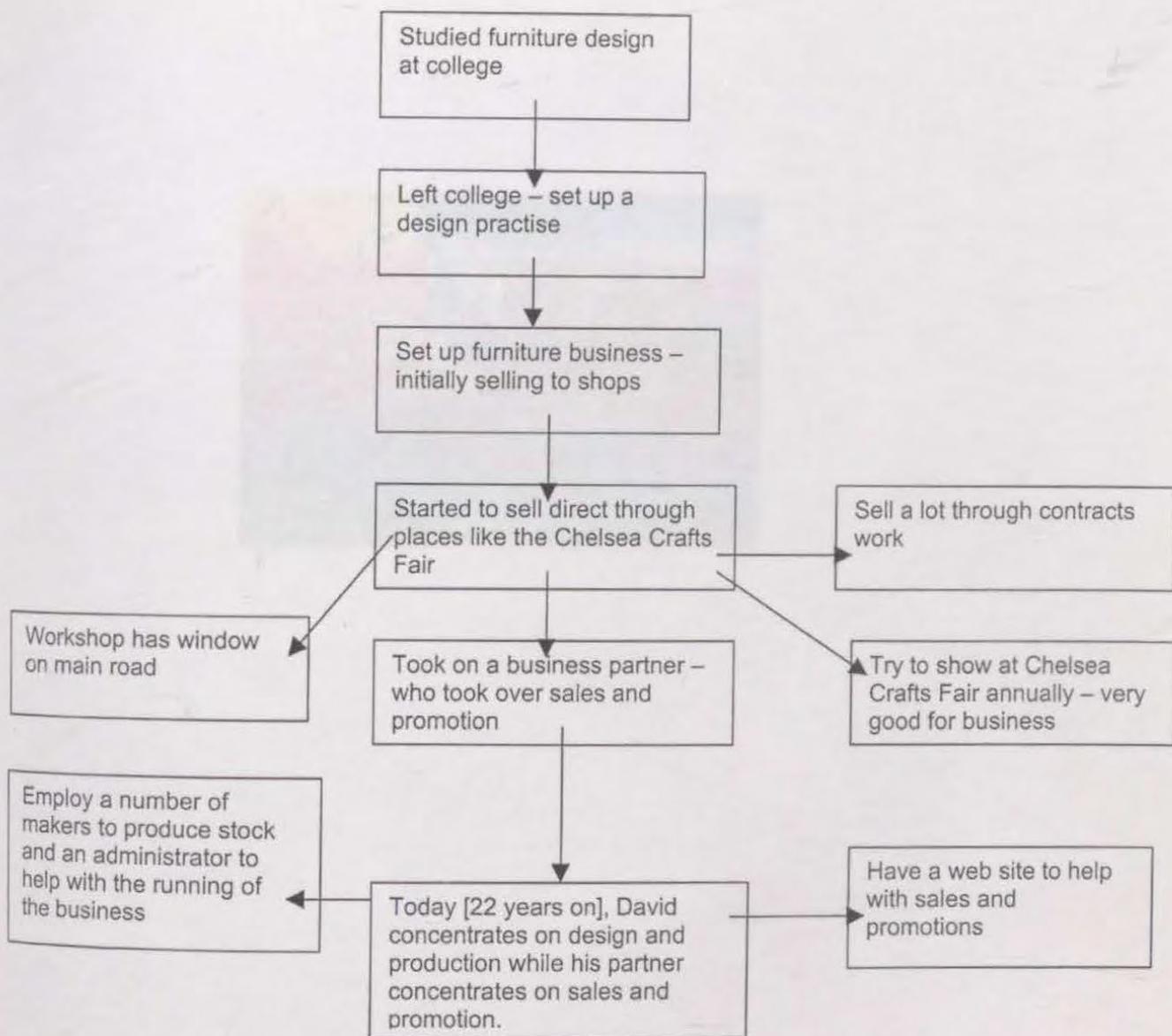
Summary
Built up customers through trade shows – wholesale and retail, business improved when he took on a business manager to take over sales.

Working as a teacher – exhibits in local annual art show – so successful – decides to have a go at making a living

Works from home -

Still teaches part time to supplement income- but gradually business becomes too busy

Moves into a small shop/ studio, in good position

Undertake commercial graphic work to help business

Set up Internet site

Produce prints as well as one offs to sell something a bit cheaper

Learns as he goes along – develops business

Summary
Built up customers from art shows – retails from own gallery.

7.6.23.   Cathy Ludlow - Artist and Printmaker

Degree in Fine Art at Middlesex

Part time cleaner

Teaching

Post graduate at Goldsmiths

Worked on a market stall at Camden Town for a designer

Exhibits work

Dryden Street Gallery London

Tricycle gallery London

Hornsey Library London

Fallen Angel London

Becroft art Gallery Southend

Air gallery London

Manleys London

Mistley Quays Colchester

Wigmore Hall London

Green Door Gallery

Part time work to supplement income from own work

TV & Video work

BBC — Food and Drink — set design and building

Costumes for secret cabaret

Teaching — young children

Painting and decorating

Baking

Runs a Cheese shop 3 days every week

Summary
Shows work at galleries on sale or return basis, subsidises artwork with many different jobs.

7.6.24. Olaf Parker from Burro — Fashion Designer

```
┌─────────────────────┐
│ Textiles degree     │
└─────────────────────┘
          │
          ▼
┌─────────────────────┐
│ Freelance textile   │
│ designer with       │
│ partner             │
└─────────────────────┘
          │
          ▼
┌─────────────────────────────────────┐      ┌──────────────────────┐
│ Fed up with freelance, started      │─────▶│ Started selling own  │
│ working for a T-shirt design &      │      │ design T shirts on   │
│ manufacture company                 │      │ Greenwich market     │
└─────────────────────────────────────┘      └──────────────────────┘
          │
          ▼
┌─────────────────────────────────────┐      ┌──────────────────────┐
│ Gave up working for T shirt         │      │ Manufacturing done   │
│ company started working full time   │◀─────│ by small out units   │
│ with partner on designing and       │      │ around London.       │
│ selling T shirts                    │      └──────────────────────┘
└─────────────────────────────────────┘
          │
          ▼
┌─────────────────────────────────────┐
│ Added other designs to the          │
│ collecting started wholesaling      │
│ across the country then to Japan    │
└─────────────────────────────────────┘
          │
          ▼
┌──────────────────────┐      ┌─────────────────────────────────────┐
│ Promote show through │◀─────│ With 2 other partners [salesman &   │
│ Paris Catwalk show   │      │ PR] opened shop in Covent Garden —  │
│ twice a year — don t │      │ started producing a forward order   │
│ advertise            │      │ collection                          │
└──────────────────────┘      └─────────────────────────────────────┘
                                        │
                                        ▼
┌─────────────────────────────────────┐      ┌──────────────────────┐
│ Move to different shop in Covent    │      │ Goods now            │
│ Garden — move production to         │─────▶│ produced in          │
│ Sevenoaks Kent — as is much cheaper │      │ factories all over   │
└─────────────────────────────────────┘      │ the world            │
          │                                   └──────────────────────┘
          ▼
┌─────────────────────────────────────┐
│ Wholesale to Japan took off —       │
│ opened shop in Tokyo and another in │
│ Soho UK plans to gain investment    │
│ from a Japanese bank.               │
└─────────────────────────────────────┘
```

Summary
Started retail, built up business by wholesaling - initially small quantities, now exporting to Japan and opening own retail outlets
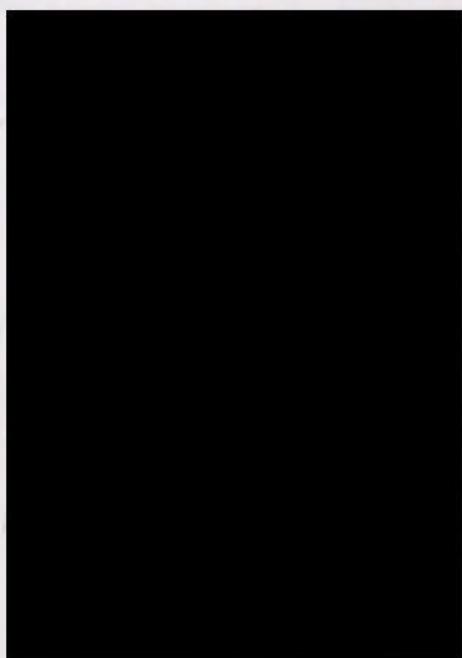
7.6.25.   Jessie Higginson — Ceramicist

Left University July 1996— had to rethink work to make it more commercial

↓

Set up workshop — November 1996

Took 6 months to sort workshop out — didn t produce any work

Found as well as designer she had to be:
Manufacturer
Financier
Saleswoman
Administrator
Mechanic

Waitress to supplement income

First big order October 1997 — to Conran [took 4 months to make]

Setting up grant from Crafts Council Jan 1998

Two-day business course

Took two and half years to get work to a standard she is happy with. Learnt to say NO

Shows at Chelsea Crafts fair, galleries and shops
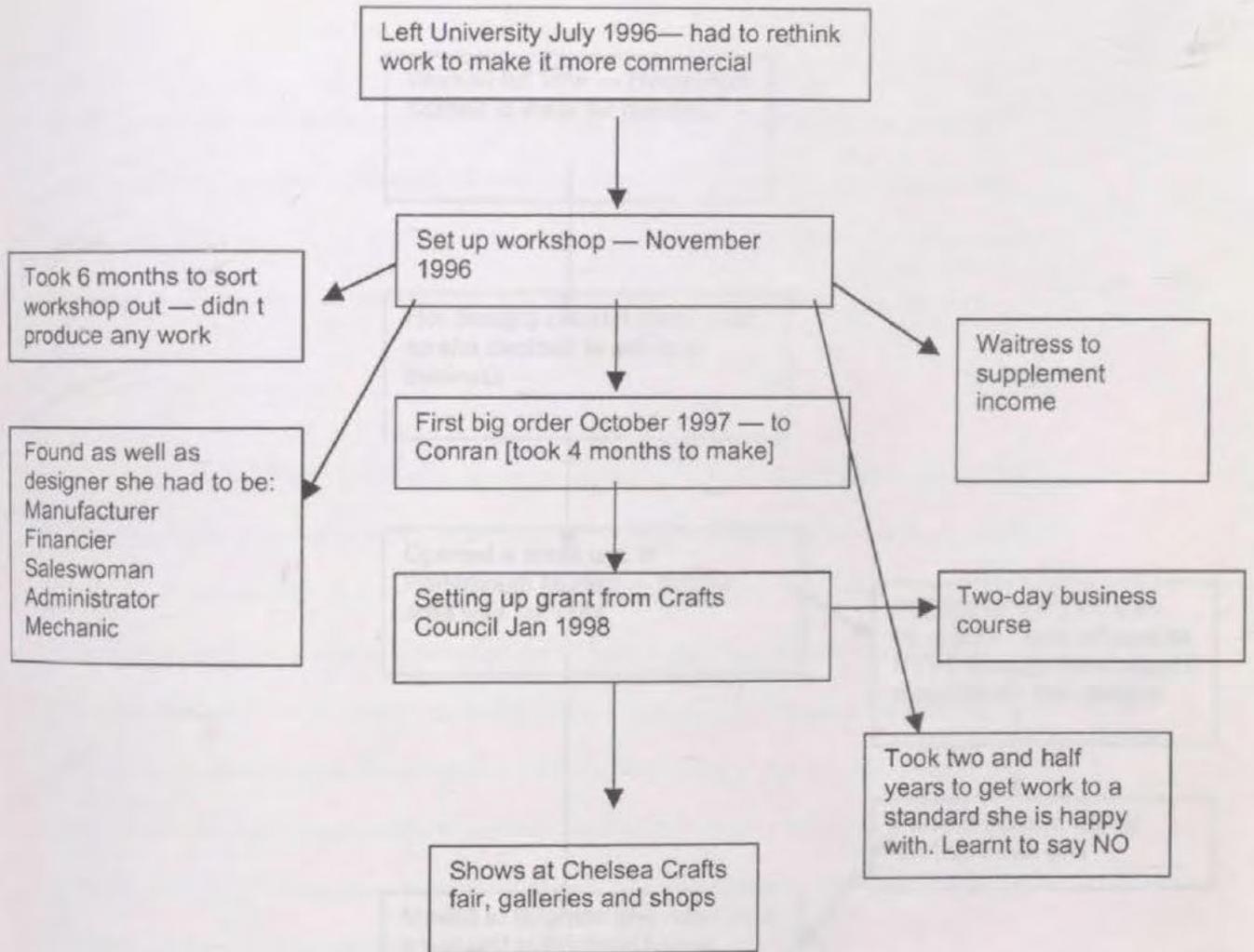
Summary
Crafts council setting up grant, built up customer base through wholesale and retail shows including 100% design & Chelsea Crafts Fair. Very good press coverage.

7.6.26. Debbie Quainton - Fashion Designer

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┌─────────────────────────────┐
│ Worked full time — made own │
│ clothes to wear for clubbing│
└─────────────────────────────┘
              │
              ▼
┌─────────────────────────────┐
│ Her designs caused quite a  │
│ stir so she decided to set  │
│ up a business               │
└─────────────────────────────┘
              │
              ▼
┌─────────────────────────────┐        ┌──────────────────────────┐
│ Opened a small unit in      │───────▶│ Applied for a PYBT start │
│ Portsmouth Market — but the │        │ up grant — was refused as│
│ area was not right          │        │ PYBT thought there wasn t│
└─────────────────────────────┘        │ a market for her designs │
              │                        └──────────────────────────┘
              │                                    │
              │                                    ▼
              │                        ┌──────────────────────────┐
              │                        │ Parents backed her to    │
              │                        │ start up small unit      │
              │                        └──────────────────────────┘
              ▼
┌─────────────────────────────┐
│ Moved to Brighton and open  │◀──────
│ up a small unit in Brighton │
│ Lanes                       │
└─────────────────────────────┘
              │
              ▼
┌─────────────────────────────┐
│ Sells to a variety of       │
│ different customers, works  │
│ in the shop 4 days and sews │
│ 2 days a week               │
└─────────────────────────────┘
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Summary
Started making her own clothes and selling to friends, applied to the PYBT for a start up grant, turned down, financed her retail outlet with help from parents

7.7. Business Summaries

7.7.1. Katie Stirling, Milliner

Katie started her millinery business in 1983-1984. She had worked for a few years for Stephen Jones the famous fashion milliner and this is where she learnt her trade. After working for Stephen Jones, she was employed in the record industry briefly but unfortunately was made redundant. She then felt that she wanted to have a go at running her own business.

At that time [early 1980s], people were encouraged to start a business with support from the Enterprise Allowance Scheme. The new business had to have £1000 in their bank account and Katie borrowed this amount. The scheme then gave the new businessperson a wage of about £35 a week for a year and included a one-morning course in basic business management. Katie felt she had learnt a lot more about small business management while working for Stephen Jones. As she had always made her own clothes, she already had a sewing machine, which was all the equipment that she required to start production. She chose to work from home, as this would reduce her overheads. The enterprise grant covered her rent, so she felt she was able to put 100% into running the business.

Initially Katie made up a few hats during the week and rented a stall at Camden Market London, at the weekends. As well as retail sales, Camden attracted a number of wholesale orders. After two years, she chose to stop working on the market and concentrate on the wholesale side of the business.

The wholesale business flourished and over the next 7-8 years, Katie built up her customers. Most customers were small independent fashion shops who supported new talent. Katie made most of the hats herself although she did call on the help of outworkers when she was busy. She never employed anyone on a full time basis. To build on her wholesale outlets, she showed her collections at trade shows. She also exported to Canada, Japan, France, Spain and Germany.

After about 8 years, Katie found that she was working so hard, that she was no longer enjoying running the business. She went back to retailing at Camden market and added Covent Garden Apple Market, one day a week, to her outlets, still accepting small wholesale orders from reliable customers. Now she only does the market during the winter, as she cannot compete with cheap summer hats that are available in the shops.

Katie comments that at the peak of her wholesale business she was working 7 days a week and had not had a holiday in seven years. Although, she finds the work very satisfying, it is also very exhausting.

7.7.2.   Juliet Thomas, Jeweller

Juliet graduated from Birmingham having studied Silversmith and Jewellery. Following her graduation she asked her tutor what do I do now? and he replied that there was nothing for her in this country and if she wanted to make a living as a jeweller, she would have to move abroad.

She moved back to her hometown of Bristol and set up her own business almost immediately after graduation. She used £1000 from the Princes Youth Business Trust to support an Enterprise Allowance Scheme, which paid her £40 a week for her first year. Initially she worked from home, but quite soon after starting the business, she rented a small workshop at the back of a jewellers shop. To supplement her income she did some repair work for other jeweller.

Unfortunately, she was burgled and the thieves stole all of her stock and she was not insured. But fortunately, the jeweller for whom she was doing the repairs offered her a place in his workshop. The workshop was in the basement of his jewellery shop and this gave Juliet a retail outlet to test her designs. She took on an agent in the South of the country and followed that with an agent in the North. They sold her collection to shops right across the country.

Within three years of starting her business, Juliet began exhibiting at trade shows, which included: Earl s Court International Watch and Jewellery Show, the Birmingham International Gift Show, Contemporary Jewellery Show in London, Goldsmiths Fair [which was part trade, part retail] and Harrogate.

Juliet employed two assistants to help with the manufacture of the goods and had the help of the owner of the workshop. However, in the run up to Christmas each year, she gave the extra work to outworkers to help keep up with the demand.

Juliet found the most demoralising side of the business was that the British public wanted cheap jewellery and were not prepared to pay for something original, as it would be more

expensive. She felt that her business was not progressing as she had hoped, as she was

unable to develop her design work.

Unfortunately, the Southern agent stopped working for Juliet and this forced her to go out and

sell her stock herself. This made running the workshop very much more difficult. But it also

gave her the chance to meet many of the customers that she had been dealing with over the

years. This only confirmed what she had already begun to realise — the British public would

not buy new original designs. Although there were a few jewellers who were interested in

original designs, there were not enough to keep her business going. The recession also

affected a lot of the small independent jewellery stores around the country that she stocked

and Juliet realised it was time to stop for the day.

Finding jobs for her two assistants was not a problem, but extracting herself from the

partnership with the shop owner was not so easy. He found it difficult to understand why she

did not want to carry on making the same pieces year in, year out. On reflection, she felt that

if someone had been able to help her into the export market she might have been able to

develop the business in the way she had originally planned.

7.7.3.   Richard Baxter, Potter

Richard studied at Loughborough University and even when he started college, he knew that he wanted to work for himself when he had completed his studies. He graduated with a first class Bachelor of Arts degree in 1981. After the summer break, he found himself a workshop, which took about three months to set up and organise the lease. He began trading in January 1982.

Early on in his career, Richard applied for a Crafts Council setting up grant and for this he had to supply pictures of his work and attend an interview at the Crafts Council. He received the grant on his first application. This gave him £2000 towards machinery and living expenses and he still has the kiln that he brought with the money.

To supplement his income Richard started teaching part time at local colleges. Over the years, he built this up to about 2 days a week. The teaching covered the cost of running the workshop and for the first year or two was also helping with his living costs. His first workshop was in a poor position; he sold his work at Craft fairs, which he really did not enjoy.

When the lease on his workshop ended, he decided to look for a new workshop in a better position. He found a unit off the main high street, which would not only serve as a workshop but included a retail outlet for his work. It still was not very salubrious but, as Richard comments *it was in a duff place, but when you re at the bottom end of what you can afford -- it had a shop front and there was enough room to make, and there was a yard where I could dry stuff in the summer, but it was cold and dark and horrible.*

In 1991, an opportunity arose to rent a workshop from the local council on a busy street, in a quaint fishing village. Richard teamed up with local artist Sheila Appleton to put in a bid. The position is ideal for the work Richard and Sheila produce, during the summer and at the weekends there is a regular passing trade. Initially their application was rejected, but after much negotiation, they were granted a 21-year lease, with 18 months rent free period to set

up The Old Leigh studios . The building was in a very bad state of disrepair when they took it over and it had to have major renovation work undertaken before it could be used. When the first rent review was due, they applied to the council to buy the property and the council made them an offer Richard says   they could not refuse . They now own a 125-year lease on the building. Richard comments that there are few craft/ designers that are in such a strong position as he and Sheila have found themselves.

The move to the new studio increased Richards' turnover enough for him to stop teaching. He has a regular contract with a catering company to make standard ham stands. He says they do not take long to make and the work brings in a regular income, which helps with his running costs.

After 17 years, Richard has treated himself to a new Kiln. This will give him the opportunity to do porcelain wear, something he has felt for a long time would increase his portfolio of work. It will also increase the amount of work he can produce as he can alternate between kilns. As well as his more creative design work, he has designed standard earthenware kitchen crockery for a number of years. His regular customers rely on him stocking these pots, so that they can add to, or replace broken pieces in their collection.

In 1995, Richard initiated the Leigh Art Trail . He contacted as many local artists as possible to exhibit their work. For a weekend every year, the artists have an open house. The Trail is sponsored by a variety of local businesses and a brochure is produced to advertise the artists exhibiting. After 5 years the trail has developed into a popular annual event, local shops allow artists to exhibit their work. One artist has been so successful he has given up full time employment to run a gallery.

Richard still spends 6 days a week working and he estimates that he makes about 3500 pots a year, each one baring his signature. Now days he tries to make more time for his family, although his wife is also a potter and sells through the gallery. He also plays in a local band which bring is a bit of extra pocket money.

Being keen to develop his work, Richard comments *Older potters that I m aware of, have been making the same work for thirty or forty years and if a creative spark bought that work along to start with, where s the spark gone? Its just a repetitive process of making sure you do it as well as you can, according to your old formula, I like to think there s a spark of inspiration still going.* [In me]

7.7.4.   Howard Fenn, Silversmith

Howard graduated in Silversmith and Jewellery from Sir John Cass College in 1978. He admits that leaving college was a bit of a shock, so initially he worked for one of his ex tutors, John Norgate, mainly making commissions for the Far East. John Norgate had worked in the business for many years, from apprenticeship, he had worked his way up to running his own business and over the years he had built a good reputation and customer base. His reputation was such that he did not have to exhibit to find work.

While working for John Norgate, Howard continued to develop his own work, selling to a few friends. After about a year he decided to set up his own workshop. Fortunately, Howard had a partner who was prepared to support him. He was able to set up the workshop without borrowing any money. He says himself that few people are lucky enough to have that advantage.

He spent two years building up stock for a one-man show at Smiths Gallery in Covent Garden. He called the show 30 pieces of silver . While he was preparing for the show, a few friends commissioned small pieces of work and he taught at his old college, which kept him ticking over. His teaching pay covered his workshop costs, which he feels gave him some breathing space to be able to do what he wanted.

Howard feels it was the one-man show that really got him noticed and started his career. As well as selling the work, he took commissions. After the success of the show, he started applying for the Chelsea Crafts Fair and similar shows. He says it has been a slow development but with the support of his partner, he has been able to build his reputation. He comments that one show often leads to a number of others.

To help with the promotion and PR of his work, a relative financed the production of a brochure, this he is able to distribute to interested customers at trade shows and craft fairs.

About five years ago, the Crafts Council organised a conference for Silversmiths in

Birmingham. The conference aimed to bring together people from the industry to discuss if

more could be done to promote their work. The outcome of this meeting was the founding of

an association called   ABDS [Association of British Designers and Silversmiths] to promote

and show the work of the silversmiths as a group. Showing at exhibitions in a group, gives the

designers access to bigger and more prominent stands. It reduces cost as well as keeping

them in touch with one another and keeps them updated with their industry. The group,

supported by the Crafts Council, have now shown for three years at the prestigious Jewellery

and Silversmith show in Munich. This not only promotes their own work, but also shows

British designers work in a larger arena.

Two years ago, Howard stopped teaching as he felt it was taking up too much of his time.

However, he feels that in a panic he signed up and exhibited at 7 shows that year. He says

that this was a mistake - it was far too many.

From the shows, he has picked up interesting commissions — one for an exclusive mail order

catalogue and another working for a department store. He comments though, that the profit

on such work is much reduced, and working for these customers has taught him a great deal.

Chaz is an industrial designer, he describes what he does- we go out and find clients who need design work doing — designs of a 3 dimensional nature and we get paid for it. He works with a partner.

Chaz graduated from the Royal College of Art in 1992, which he explains, was at the height of the recession. He had been working on baby products for his degree show. Design consultant Sebastian Conran, who at that time was designing products for Mothercare, saw his work. The consultancy employed Chaz on a temporary basis.

However, whilst he had been at the Royal College, he had completed a three-month work placement for a Japanese company. He says I went out there on my own, completely the middle of nowhere and as there wasn t much else to do, I threw myself into it.
Communicating with a pencil and paper, he learnt a great deal. Three months after he had graduated, they invited him back to work for them. It took a further 6 months for him to sort out the required paper work for Japan, so he carried on working for the Sebastian Conran.

It was in Japan he felt he really learnt his trade, he was given fantastic projects and this was the education he needed. After four years, although he was still enjoying the work, he was beginning to feel homesick. He had been working with another ex Royal College student and together they decided to set up their own business back in the UK, but first they convinced the Japanese company to commission some work.

They came back to the UK and set up Design Stream Ltd and they already had one good customer. The Japanese company utilised about 80% of their time. But that was the fundamental point - we didn t start the business without work to do — and I would say that to anybody.

Although they had one good customer they needed others. It has taken two and a half years to build up a strong client list, but they are gradually building a good reputation for

themselves. They have always felt they must give the best possible service that they can, he

says they cant afford to do a bad job as it will affect their reputation.

One way that they have built on their reputation is by entering competitions. Last year they

won two Japanese design competitions and were runners up in two more. This obviously

creates good publicity, and articles about their work have been published in a number of

international design magazines. Chaz also believes strongly in networking. They regularly

keep in touch with all their clients, quarterly they produce a newsletter that updates them with

their current work and latest achievements. They have good contacts at the DTI who promote

UK business worldwide.

Finally Chaz comments

How do we find our customer - we just shout as much as we can and hopefully our customers find us, and once we have a customer we pretty much make sure they are our customer for a while, by doing a great job.

7.7.6. Ian Gill, Blacksmith

Most of the designers interviewed have had art school backgrounds, which is not the case for Ian. The contact for him came from a friend of the researchers admiring his work at a WOMAD [World of Music and Dance] festival. He makes wine racks, mirrors and beds - all manner of household objects, forged in iron. Like most of the designers, he was not easy to pin down, but was finally contacted late one evening when he had finished work. He was very open and honest about his business experience. The researcher feels that his interview was one of the most enlightening of all those undertaken.

Ian had served an apprenticeship as a blacksmith, but the money was very poor so he started working in London in a completely different line of business. He had had one bad experience of self-employment when a business partner had let him down. However, his initial break came when he made some candlesticks for his partner Michelle. She was so impressed that she suggested he made some more and she would take them to her work and try to sell them. Ian made up a few samples and Michelle sold them to colleagues at work. As the reaction had been so good, he thought he would try a craft fair. Ian made the candlesticks and Michelle started to make candles to compliment his designs. They built up a reputation and started selling to a few small craft shops within a fifty-mile radius of their base in Harlow, Essex. But as the product was so labour intensive and the shops were putting a 100% -200% mark-up on their goods, it made them very expensive. Ian and Michelle realised that if other shops could sell their designs, then so could they.

Ian and Michelle approached various banks for a loan. The Banks asked if they had any collateral [they had none] and asked if they really thought there was a market for their goods, suggesting they should submit a business plan and cash flow forecast. Ian comments, We said we haven t got a clue what we will be making in six months . The Banks were not interested in their idea and would not support them. Fortunately, this did not deter them. Ian had an endowment pension worth £445 that he could no longer afford to contribute to and so he cashed it in. When they returned to the bank to open an account, they were again asked to

fill in all sorts of forms, this time they refused. They handed over their £445 and opened an account. They have never borrowed money from a bank for their business.

Creations were selling their goods at craft fairs and to increase their sales they took a small unit in an indoor market. Michelle gave up her job to commit to the business full time. While they were still fitting out their new unit, they discovered that the market was closing down shortly. Michelle had given up her job so there was no turning back. They stuck at it, working all week in the workshop and then each doing different craft fairs at the weekends, often only earning £50 between them. Michelle even took a cleaning job to supplement their income and their parents fed them when money was tight.

Perseverance paid off. One of their first big breaks came when they decided to do a Gothic fair at Whitby, they prepared for the show by making purely gothic furniture. Although the show was only open for four hours, they took £600. Ian comments that compared to the £30 for a craft fair that we were used to taking, we thought we had won the pools!

This experience changed their business strategy. They realised by making the right products for the market place, their sales would improve dramatically; garden pieces for Garden shows etc. Soon they were adding specialised commissions to their portfolio. Ian comments that the business growth was slow, even when they were doing well and turning over £1000 at a festival they could have doubled their turnover if they had the money to invest in making more stock.

They have had two workshops, the first was broken into and they lost all their tools. Again, they were forced to start from scratch. Their current workshop is 15 miles outside Bishop Stortford, on an herb farm. The farmer [a friend of theirs] offered them one of his unused barns and they fitted it out from scratch with electricity and tools but had a rent-free period to cover this.

Having built the business up they decided to open a shop. This time they did their market research. They live in Harlow which is a new town, so they felt nearby Bishops Stortford

would be a better sales area, as it inhabitants were more middle class , and therefore, they felt wealthier . The market research has paid off.

They found a shop they thought would be just right for their work; it was small [9 x13], but in a good position. They needed £1000 to open, so they saved every penny they earned and managed to raise £930. Ian and Michelle fitted the whole shop out by themselves and opened in September, just in time for the Christmas trade. Unfortunately, the licence on the new shop was only for a year, but in that time business was so good, they knew that further investment in bigger premises would pay off. As well as the shop trade, commissions where adding to their turnover. Ian had taken on a friend to help in the workshop for a couple of days a week, as he could no longer cope with the workload.

The businesses managed to save £7000. Ian and Michelle felt the area was right so looked for another retail space close by. This time they found two small shops, side by side with a good window frontage. With the money they had saved, they took the new premises; again, they had to fit out the interior. They called in friends to help, using barter as a tool of payment. One friend knocked down the walls and put in an RSJ for a fire basket, another was paid in curtain poles.

From the new shop, the business has gone from strength to strength and they have been open for over 3 years. They employ 5 sales assistants and as well as their own stock they carry a small amount of other goods to compliment their own work. Commissions are still an important part of their work and they have made for customer in USA, Finland, France and Portugal.

Ian and Michelle still work 7 days a week, 12 sometimes 15 hours a day. Ian comments that on a Friday night when most people their age are out socialising, Michelle is in the shop, often until 11pm, getting ready for Saturday trade. They still do not take a good wage [in fact two of their staff earn more than they do] but this does not bother them.

They continue to show at all the big festivals, but now they have brought an old coach that Ian has converted to hold stock underneath while they can live in the top section. The festivals help the cash flow when the shop is not so busy in the summer. Ian feels it keeps them in touch with their customers.

Ian feels they built an alternative lifestyle, and is proud of their distinctive appearance. They both have piercings all over their body and one of their employees is tattooed from head to foot, Michelle has cerise pink dreadlocks. Ian comments that in the shop, there is only one girl normal looking girl, and when a new sales rep visits, they approach her. She points them to Michelle, as Ian says We have made a full success of it by completely breaking down every barrier — you can t look like that, you can t look like this. Most of the commission work we do, the bigger stuff, is for people with massive great £500,000 barn conversions. We are on first name terms with them and get Christmas cards and bottles of wine, we go around and see them and I sit down and design beds and furniture for them. It has completely turned the tables around, we are like ambassadors for alternative people.

7.8. Interviews Assessed

7.8.1. Interviews Assessed by Product

Name	Product	Prior experience	Market development	Market
Cathy Ludlow	Artist	No prior experience	Market developed	Wholesale
Howard Robinson	Artist	No prior experience	Market developed	Retail
Jessie Higginson	Ceramicist	No prior experience	Market developed	Wholesale retail
Kellie Miller	Ceramicist	Prior experience	Market developed	Wholesale retail
Lisa Howard	Ceramicist	Prior experience	Market developed	Wholesale retail
Richard Baxter	Ceramicist	No prior experience	Market changed & developed	Retail
Debbie	Fashion	No prior experience	Gradual building of clients	Retail
Erica Quincey	Fashion	Prior experience	Market developed	Wholesale retail
Kate Stirling	Fashion	Prior experience	Market changed & developed	Wholesale retail
Kay Originals!	Fashion	No prior experience	Market changed & developed	Wholesale
Olaf Parker	Fashion	No prior experience	Market changed & developed	Wholesale retail
David Coleman	Interior Accessories	No prior experience	Market changed & developed	Wholesale retail
Ian Gill	Interior Accessories	No prior experience	Market changed & developed	Retail
Peter Layton	Interior Accessories	No prior experience	Market changed & developed	Wholesale retail
Ruth Dressman	Interior Accessories	Prior experience	Market developed	Wholesale retail
Sharon Marston	Interior Accessories	Prior experience	Market developed	Wholesale
Thomas Bailey	Interior Accessories	No prior experience	Market developed	Wholesale
Tin Tab	Interior Accessories	No prior experience	Gradual building of clients	Retail
Andrew Jackson	Product design	Prior experience	Gradual building of clients	Sells design [not product]
Bobo	Product design	No prior experience	Gradual building of clients	Wholesale
Chaz Nandra	Product design	Prior experience	Gradual building of clients	Sells design [not product]
Joseph Otterwill	Product design	No prior experience	Market developed	Retail
Simon Maidment	Product design	Prior experience	Gradual building of clients	Sells design [not product]
Carol Mather	Silversmith/Jewellery	No prior experience	Market developed	Wholesale retail
Howard Fenn	Silversmith/Jewellery	Prior experience	Market developed	Wholesale retail
Juliet Thomas	Silversmith/Jewellery	No prior experience	Market developed	Wholesale
Syann Van Niftik	Silversmith/Jewellery	Prior experience	Market developed	Wholesale retail
Vanessa Johnson	Silversmith/Jewellery	No prior experience	Market developed	Wholesale retail

Name	Product	Prior experience	Market development	Market
Bobo	Product design	No prior experience	Gradual building of clients	Wholesale
Carol Mather	Silversmith/Jewellery	No prior experience	Market developed	Wholesale retail
Cathy Ludlow	Artist	No prior experience	Market developed	Wholesale
David Coleman	Interior Accessories	No prior experience	Market changed & developed	Wholesale retail
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Simon Maidment	Product design	Prior experience	Gradual building of clients	Sells design [not product]
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Jessie Higginson	Ceramicist	No prior experience	Market developed	Wholesale retail
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Thomas Bailey	Interior Accessories	No prior experience	Market developed	Wholesale
Carol Mather	Silversmith/Jewellery	No prior experience	Market developed	Wholesale retail
David Coleman	Interior Accessories	No prior experience	Market changed & developed	Wholesale retail
Erica Quincey	Fashion	Prior experience	Market developed	Wholesale retail
Howard Fenn	Silversmith/Jewellery	Prior experience	Market developed	Wholesale retail
Jessie Higginson	Ceramicist	No prior experience	Market developed	Wholesale retail
Kate Stirling	Fashion	Prior experience	Market changed & developed	Wholesale retail
Kellie Miller	Ceramicist	Prior experience	Market developed	Wholesale retail
Lisa Howard	Ceramicist	Prior experience	Market developed	Wholesale retail
Olaf Parker	Fashion	No prior experience	Market changed & developed	Wholesale retail
Peter Layton	Interior Accessories	No prior experience	Market changed & developed	Wholesale retail
Ruth Dressman	Interior Accessories	Prior experience	Market developed	Wholesale retail
Syann Van Niftik	Silversmith/Jewellery	Prior experience	Market developed	Wholesale retail
Vanessa Johnson	Silversmith/Jewellery	No prior experience	Market developed	Wholesale retail

7.9. Important issues raised by non-designer interviews

The following are summaries of interviews with people in association with business start-up. The opinions are not those of the researcher and in some cases, they contradict each other.

7.9.1. The Buyer

Sarah runs a very successful shop selling interior design accessories and cards. She has been in business for 12 years and is always looking for new and innovative designs for her shop. The following are her thoughts and suggestions to new designer/makers:

- Sarah likes dealing with small businesses they are generally easy to deal with more helpful. She would not expect a catalogue to be offered by prospective suppliers.

- The main problem with dealing with small businesses is that things are copied and good ideas are regularly stolen. Theft of design ideas is a serious problem for both manufacturers and buyers as copies can appear at reduced prices in a competitors shop.

- Sarah find some agents very difficult to deal with, she says, if an agent has a good product then they often won t work hard for a new client. However, they can help to collect payments for the designer.

- Sarah will always look out for new designers at trade shows.

- Small businesses don t always phone to follow up orders thus missing potential re-orders.

- Sarah expects to pay pro forma first order -but gets annoyed when she pays and the goods don t arrive on the agreed date. However, after a couple of orders she would expect to be given credit [usually 30 days] but would expect the designer to take references before the credit facility is set up.

- If the standard of goods arriving is different from the product ordered it will be returned. Unfortunately, this has happened on a number of occasions.

- Sarah will not meet with cold callers [must phone and make an appointment].

- Areas of exclusivity - only sell to one shop in a given area. Dealing with the bigger shops can upset your regular smaller customers if they are close by.

- Statements — must be sent and followed up if not paid — small businesses are poor at this

7.9.2. The PR representative

Rebecca has worked as a Public Relations representative for 15 years; she has represented a number of international clients and has helped launch numerous new businesses. She was asked to suggest some ideas that new businesses could implement to promote themselves with little or no money.

- Make use of facilities that are already in place. If you are showing at an exhibition and it has a Press office, it is their job to focus on interesting exhibitors and to get a story about those exhibitors.

- Find a hook to promote a new product. You have got to come up with something that is different there is no point in the designer thinking I am just going to manufacture this and see what happens. The most fundamental thing is, even in the market place where there are only 4 or 5 key players - what is different about you. Think about the values that it represents as distinct from its competitors.

- PR goes to all the buyers previews before the show opens — if your stand is original, it is more likely to appeal to promoters.

- You have to balance creativity with being commercial, from the very beginning. Some designers are quite precious about what they are doing -they feel people could take it or leave it their product [poor attitude for commerce]. You have to think about what buyers are looking for — you may visit a previous show for ideas. It is commerciality that is going to sell it to a journalist.

- Phoning up journalists often works as a method to get publicity, particularly those working on the trade press. Don t aim at the editor, aim at a news reporter and say that I m just stepping out and this is the area that I am going to be showing at this exhibition. It would be really good if we could get together and I can take you through some of the ideas - try that personal approach.

- Team up with an up and coming photography student that also needs a break, and work together. When you become established you need to use established photographers because that reflects on your professionalism.

- Write an opinion piece for a journal. Make it controversial say I am qualified to do this because this is my background.

- Mail shot - can be very good if you hit it right, but the trouble is that for most people who are graduating wouldn t have had experience in learning how to present one. Because they are very close to their own work and they understand what it is all about, it is difficult to step aside from that and think well what is going to sell it.

- The trade press are very difficult to get into unless you have something very different but the other possibility is the local press. However, I think it is better not to go on an advertising route and hope that they will give you editorial.

7.9.3. The development agency representatives

Princes Youth Business Trust

Ron is a retired businessman who works for the Princes Youth Business Trust; he is the local co-ordinator in the Medway area in Kent. If a young person approaches the PYBT, he will team them up with a mentor and advise about how to get a business start up grant. He offers the following advice and information:

- The PYBT often find sole traders who are designing their own products and finding it very difficult to take people on to help them, because they have made their designs and their signature is on them. It is very difficult to move it on to the next stage — although very often they don t want to move it on, they are quite happy to stay at that stage and make a living that way.

- Designers often take a part time job working for some body else to supplement their income [this is encouraged].

- A Business mentor is allocated to the new business. There are about 180 of them in the county- people who are either in business or might be part time or be a buyer- all sorts of people. The mentors are not trained by the PYBT.

- Businesses are always asked to go to a bank first to see if they can get support from the banks. Applications are not accepted if the person hasn t been to a bank first.
- Banks don t understand or even like the craft industry.
- About 60% of the businesses supported are still operating after 3 years - a far higher level than any other small business start up.
- Of those that don t succeed - half go into full time employment almost straight away. Most people were previously unemployed, therefore, about 80% succeed in some form or another. Of the other 20%, most go back into training or further education. Its strength is not just helping people start in business but it is helping to make those that were unemployed- employable because of all that they learn.

Crafts Council

Brigid Howarth is the contact for designers seeking a setting up grant from the Crafts Council; she helps the designers with their application but does not sit on the panel of judges that award the grants. She offers the following advice and information:

- The Designers [applying for a setting up grant] are mostly people at BA and MA level. Very few are self-taught, it is very rare for the CC to give grants to people straight out of a college. On average, the designers have been trading for between1 to 5 years.
- Prior experience gives designers a wider view and places them in the world.
- Very few makers leave college and set up in a studio, because usually they can t afford it
- Important questions that need to be answered - are the designs going to the fine art side or the batch production side.
- Designers that have received a setting up grant and are doing really well often have second jobs. Teaching or working for someone in a similar area that is more successful.
- If designers are awarded a grant, they go on a residential training course. They have a series of talks about a more philosophical approach to running a business.
- Some designers have done a collaboration with industry- they have designed something copyrighted it and industry has produced it.
- If you are making one off pieces and selling them to galleries, it is difficult to make a living.

- The grants go to people whose work is very strong, but also those that have a strong idea of the market place.

- Most designers that apply don t get a grant. However, of those that do there is a 100% success rate, all are still in business after 4 years.

- Many people that get setting up grants also are accepted to show at Chelsea Crafts Fair, but a different selection panel reviews the work.

- Chelsea crafts fair - average takings are £7000, very few people do badly at Chelsea.

- A designer can not get advice if they don t get accepted for a start-up grant

- A designer can apply up to three times for a Crafts council start-up grant.

- Designers can go on the CC register without a start-up grant. This is a mailing list, which includes makers news, and this informs them of various opportunities.

- Before Chelsea, the makers can go on a training course — which includes how to do price lists, how to deal with customers. [Designers have commented this is very useful.]

- The CC get about 80 applications for start-up grants a year, but only give about 5-10 grants, the main reason for turning many down is - the photography can be poor, the work might be derivative of someone else s, it might not be original or consistent.

- The Internet - designers are using this increasingly - although not many designers have web sites that they sell from. It is quite useful for the American market. They may be represented on larger site. For contact and finding out about individuals exhibitions it is very useful.

- Copyright is a problem for designers. The CC training course includes top UK copyright solicitors coming in to discus it. If someone copies it abroad, that makes it more problematic. As long as the designer has drawings done at conception of the idea and takes photographs, you don t have to register it.

- Many designers have over ambitious dreams that aren t realistic.

- Some people want to work hard and be successful get loads of publicity. Other people want a quiet life; they want to make very high quality work.

- Some people get trapped in businesses not doing what they originally aimed to do - like making a load of pots and selling them, but the pricing is not right. They are stuck in a making rut and they can t divorce themselves from that at all.

- The biggest problems for many businesses is maintaining a confidence in what they are doing when things go wrong or not learning - being trapped in a business that is not developing. It is important to know what the work is about and to communicate with other designers - going to galleries and looking at what is going on in the outside world is essential.
- People get into problems with big orders and people don t pay them.
- Selling - the galleries takes their cut if they sell for the designer, but that s what they are there for, because they are good at selling and the designer may not a good salesman.
- At the course, for the designers that have been awarded a setting up grant there are always working designers who talk about their businesses and these often include problems that the business has overcome.
- Networking and organisations are very important, [potters are very good, but many of them share studio spaces and that helps].
- Most of the grants go to people in London, because the infrastructure is in London - the galleries, shops etc. more people doing what they are doing.
- Its 75% the object 25% the person — unfortunately there are very few people doing very good work. One year the CC only gave out 10 start-up grants - normally it is 35.

7.9.4.   The VAT representative

Many small designer/maker businesses may never register for VAT, as the threshold of turnover is £52,000 [2000]. However, customs and excise are frequently cited in bankruptcy cases, so the interviewing of a VAT officer was felt to be an important part of the development of the project. Mr Atkinson at the VAT central office in Southend-on-Sea offers the following advice:

- Some businesses register when they are under the threshold - if they are dealing with the trade, then it can look more professional if a business is registered. It suggests a level of turnover, it doesn t necessarily mean there is one, but it suggests it to their customers.
- If a business is looking to deal with the trade, then it is probably worth registering from day one rather that waiting to register when the business has grown. Because if it is a

manufacturing company that is starting up, then it normally needs some sort of capital outlay on machinery and other things. This can involve a substantial amount of VAT and the business will be entitled to reclaim that back on their first VAT return. So, it can be very beneficial to their cash flow situation. You can go back up to 3 years for capital items/fixed assets, physical things that are being used in the business. The restriction is that you must still have the goods on hand and you must have the original VAT invoice for them. 3 years for goods, but only 6 months for services, like accountancy fees and solicitors costs.

- Reasons for receivership — it is usually one of only two things, its either bad running of the business or it is outside factors. If it is the latter, often the reason is that a smaller company is working for a main contractor and the bigger companies can introduce their own credit terms. This is a problem for smaller businesses, they don t have the power to go back and argue with big companies. They don t want to risk loosing their contracts, they basically have to sit there and wait to be paid.

- Cash accounting scheme - this is a useful scheme for the smaller business; it is available to any business that has a turnover of less than £350,000. The idea is that the company doesn t have to pay the VAT until they have received it. [Helps with the above]

- Another problem with smaller businesses is when invoices are paid all the money goes into the bank and the business forgets that part of the money received is VAT and it is basically the government's money.

- The main problem for small business is cash flow.

8.   Conclusion

Analysis of information obtained as a result of this research [including 24 in-depth interviews and the questionnaire to designer/makers, which received 114 returns], several themes were found to re-occur throughout. These are discussed and summarised below. Observations and recommendations are presented in the following chapter.

8.1.   Analysis of results from questionnaire and interviews

What issues did the questionnaires and interviews with designer/maker businesses uncover, and can anything be done to rectify these issues?

8.1.1.   Designer/maker businesses are generally Micro business

The questionnaires confirm that the most designer/maker businesses are micro businesses and that they will probably remain that way throughout their lives. 56% of the businesses questioned were sole traders as were 55% of those interviewed. The older the business is, does not necessarily mean that it will employ more staff. Of the two businesses employing over 9 staff, one is 11 years old [fashion] and one is 22 years old [furniture]. However, half of all the businesses over 10 years of age are still sole traders. Many businesses do not see growth in terms of employing more staff.

> Can advisors and the government understand that a business that could take on staff to help with production and growth, may well choose not to, as it compromises the business objectives. Staff may be taken on to help with work that is unrelated to the design and production such as accounts. However, this is far more likely to be a service that is paid for.

8.1.2. Total income

For many designer/maker businesses, their income is supplemented, the most popular form being teaching. In this sector, a multi-tracking career may be considered normal.

> **Part time teaching not only helps the designer financially, but also keeps them in touch with other designers [other teaching staff] and also is a valuable information tool for the student whose education must be improved by the input from a working designer.**

8.1.3. Complete control

Although 5% of those questioned confessed to starting a business because they where unemployed, the main reason for starting is the drive to have complete control over what the business produces and the ambition to produce something original and therefore possibly untested on a market. Most businesses felt that the continual development of their work and building their customer base was how they see their businesses developing.

> **Can business advisors appreciate the importance to the designer/maker of complete control over the design and manufacture even if it secondary to the business growth?**

8.1.4. Prior Research

Only 8% respondents admitted to doing Quite a lot of market research and all of these had businesses less than 5 years of age. None of the charts would confirm that market research for this style of business is essential. As has been stated, it is very difficult, if not impossible, to assess how a completely new product will be accepted onto a market. Only the introduction of the product will ascertain its viability.

> **Can business advisors appreciate that market research of a new and original product is difficult if not impossible before business start up?**

8.1.5. The Customer

Understanding the different routes to the customer is an essential task for a new business.

Having a product is one thing, but selling it is another - retail/ wholesale /sale or return

/commissions all have different pricing implications, and require different forms of trading. Of

the respondents to the questionnaire, 50% sell their product through both wholesale and retail

routes. This implies that they will have different prices for different customers — once

wholesaled the purchaser will place their own mark-up on the product. This mark-up varies -

100% is common but 200% is not unheard of. If, for instance, a designer is wholesaling and

retailing their goods, at a craft fair, they will be expected to retail at the same price as the

shops that they are wholesaling to. This will give the designer a far bigger profit margin when

retailing. However, they will be responsible for selling the designs and will probably only sell

one item at a time, whereas with the wholesale route they will probably sell many items to one

customer. If the designer sells their product to the public at the same price as their wholesale

price, they may well offend the trade buyers — possibly loosing further bulk wholesale orders.

There are many variants to selling and the designer needs to be aware of all the possibilities.

This part of market research cannot be overlooked. However, start-up businesses may not be

able to afford the wholesale route, as trade shows are not only expensive to exhibit at, the

required volume production is logistically difficult. This knowledge is gained in the

development of the business.

Many interviewees commented on sale or return as a form of distribution of goods. It was

clear that the older the business, the less likely it is that they will use this route. Most

businesses found sale or return to be a very unsatisfactory way of doing business. Issues

include:

- Goods being with the shop/gallery for long periods of time with no financial rewards for the designer
- Goods being returned dirty or requiring work to make them sellable,
- Sales always being very small compared to the amount of stock given over
- Stock being tied up with shops that aren t selling it and yet haven t returned the product.

Many new businesses are keen to please too many people and scared of turning away possible trade, they fall into this mode of business without being aware of its implications, promises are often made by the sales outlet that are rarely kept. From the interviews, it was clear that with experience, few older businesses used this form of trading unless it helped them in other aspects, e.g. selling through a prestigious shop can be included on a CV.

> **Are new businesses aware of the different routes to the customer, the cost of these routes and the differences to a business that the routes imply?**

> **Are new businesses aware of pricing implications of wholesale, commission, retail and sale and return?**

> **Sale or return is a very poor way of conducting business and certainly not one to rely on as the sole income of the business.**

> **Are Agencies, Banks and business advisors aware of the routes to the customer and the important pricing implications that arise from each different form of trading?**

8.1.6. Business development and skills

This designer/maker business gradually evolves through the designer s own development of ideas and few outside influences have a large impact on the business development.

> It is difficult for advisers to understand that the business development is not necessarily financially lead.

Few respondents felt that they had good business skills at the start of their business.
However, most designer makers believe that their business skills have improved while
running their business. Many commented that they had no idea at the start of business that
these tasks would take up so much of their time, often taking much more time than the
designing and production of work. Respondents confessed to a marked improvement in their
accountancy, communication and salesperson skills over the duration of the business.
In the interviews, the designer/makers were asked if they found it difficult selling their
products. Most said this was a very difficult thing to do. However, experience helps. One
business that has been running for 22 years and employs more than 9 staff said the turn
around of his business came when he took on a partner to look after the sales and PR of the
company, leaving him to concentrate on design and manufacture. Selling their product is one
of the most difficult tasks for the designer to develop, however, it is essential if the business is
to survive. Most designers agreed that it is not any easy task to conquer. It was compared to
blowing your own trumpet in the interviews - telling your customer that your own designs are
the best.

Cathy Ludlow[347] [printmaker] commented when asked if she found selling her own work
difficult said:

> "Absolutely — I m absolutely crap. It is very interesting to watch how people do
> sell. I helped a friend organise a print show — and I helped with the prices, I was
> fine selling the work — but I can t do it for myself, absolutely couldn t do it for me!
> It is very unfortunate.

As the business develops and the sales increase the feedback is positive and the customer is
happy, it is easier to be more confident in promoting ones own work.

As the researcher s company, Kay Originals! developed, agents were employed to help sell
the goods. They charged a percentage [10%] of the orders taken. People were chosen who
would represent the business well, but also had good salesmanship skills and had a

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[347] Interview with Cathy Ludlow appendix pg. no. 82

complimentary portfolio of other designers work. Over the years, the researchers skills

developed and this was the case for most of the interviewees.

Selling goods at a trade show or a market is very different from standing up in a critique at

college and talking about work you have produced. Jessie Higginson[348] [ceramicist] confirms:

> There is a big difference between having constructive criticism with a tutor and
> being on a stand at a show when people are walking past and you do not sell a
> thing.

This issue has also been confirmed in the Destinations and Reflections — Careers of British

art, craft and design graduates:

> Despite the individualism of art and design, many graduates are taken by
> surprise at the extent to which they need to promote themselves. The college
> setting did not help them develop the self-promotion skills that they need. [349]

Buyers are busy people and very early on, the researcher learnt that they did not beat about

the bush. One experience in the early days of Kay Originals! demonstrates this:

> I took my collection to one of the major overseas buying houses in London. The
> buyer took one look at one garment [I had over 20 in my collection] and said No,
> not for us . I was left to leave, my meeting must have lasted less than a minute,
> but had taken hours to organise and prepare for, as well as involving cost in time
> and transport.

The designer must develop quite a thick skin, for as well as compliments they probably will

receive some very detrimental comments about their work. At college if a colleague or a tutor

criticises work — the designer is usually given time to defend it, this is not the case in the

commercial world.

Carol Mather[350] [silversmith] commented:

> I think selling takes confidence as well — when you first do a trade fair you face all these
> people asking you really daft questions and you might get upset, whereas now if
> somebody says something stupid it just goes over my head. If someone says oh I don t
> like that at all — you think oh well sod them!

As the business develops these skills grow and the owner will build a customer base — the

more successful the business the more confident the owner. Most businesses have a few

bad experiences, but generally, if the business is going to succeed the goods will be well

received by many. When good relationships develop this will help the running of the business.

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[348] Graduate into Business respondent. Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999
[349] Destinations and Reflections Careers of British art, craft and design graduates.
[350] Interview with Carol Mather, Silversmith appendix pg. no. 55

If a buyer feels confident with the seller, he will often be more honest and tell them how the goods are selling and what is [and what is not] popular, this then helps with the future development of the product.

> **Could students from other disciplines [English, Promotions] team up with art and design students and projects be set for others to promote the designers work. This would aid the designer — to see how it is done, and would be good experience for the student considering a career in promotions.**

The development of the skills required to run a business were mainly self-taught. Help was received from books, agencies, banks and courses, although few confessed to this help being very influential. The only exception to this were companies that had taken on someone to cover the task for them and even then only 10 respondents admitted this was the way they had achieved this. Few respondents went on self-help courses in accountancy or general business management. Of those that did, the information was felt generally be of some help. 42% did read some form of self-help business start up manual and most of those that did felt it was helpful.

Few respondents felt that they had a good business grounding before start up, 68% confessing to very little or no real knowledge, but learnt as they went along.

Although many felt they had received some business information while still in education, the most useful form of gaining knowledge was from working for a similar business. Many respondents have worked for other similar companies before the start of their business, whilst others commented that working as a shop assistant had given them good communication skills. By working with another small businesses, the experience can give the aspiring entrepreneur, first hand, an idea of what is involved in running a business. This form of experience should be highlighted to educators so that they can encourage students to undertake work placements with small companies. This would also be beneficial to the small business at times of pressure; they may not have to pay a student so the experience is useful

to both parties. Those businesses, which have had this experience, do have a better

knowledge of the business they intend to set up and this certainly seems to aid business

development. However, many successful businesses that are over 5 years old have had no

prior experience. The conclusion here would be that prior experience should be encouraged

but it is not essential.

It is clear that working for a similar business prior to start up is helpful to the designer/maker. This information should be imparted to students still in education — they should be encouraged to work for small, new businesses as part of their education. This may be more useful than business studies classes.

Most business felt that their skills were life skills and they had improved these through trail

and error . A number of respondents and interviewees commented that common sense plays

a large part in their business development knowledge.

There are a number of agencies that help with business start up and development - many

respondents had received help from these. However, much of the help was not described as

being useful with the exception of the Crafts Council.

Although the help that is available through agencies and books etc., is felt to be useful, most business skills are honed through running the business. However, one manual was repeatedly recommended by businesses, - Running a workshop [Crafts Council]. It is felt that this approach should be used as a model by business advisors.

8.2. What do the business development maps reveal?

Every map is different. Studying each one, it is clear there is no set route for the

designer/maker business that will guarantee success. This inevitably makes help and advice

very difficult to give - what may be right for one business is of no help to another. Most

designer/maker businesses change as they develop and they may continue changing

throughout their life, never reaching an assessable conclusion. The information from the questionnaires confirms these findings — most of these businesses will have little idea of how they will end up. None of the businesses assessed [with the exception of Joseph Ottewill] had large financial investments at start-up; all grew from small personal investment, grants or loans from agencies [less than £6000]. One positive outcome is that few designer businesses close for financial reasons.

As there appears to be no clear route to success, it is difficult to advise creative businesses as to how to develop as there are clearly many routes to success and each is very different.

8.3. Individual & Important issues raised by the interviewees

8.3.1. Saying No

Even if it means turning away trade the designer must learn to say no early on in the business — they should try to keep to the original aims of the business and not to depart from the business plan, unless they absolutely have to. Undertaking work that was not in the original plan may take over the business and the owner may loose their intended direction. Jessie Higginson[351] [ceramicist] comments:

It has taken me two and a half years to get my work to a point where I am happy, and happy selling and dealing with people and learning to say no.

Juliet Thomas[352] [wholesale jewellery designer] was asked what one thing would she change if she had her time again. She replied:

I'd know exactly what I want and I know the direction, I'd be able to put people off. No, not interested yes interested. Cherry pick exactly what I was going to do, I would choose the direction as opposed to the direction being made for me.

For example:

- Many younger business felt they had to do Sale or Return, they felt they shouldn t turn down trade, but older businesses had learnt this is a very poor way of conducting trade

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[351] Graduate into Business respondent. Graduate into Business, Linda Ball, Elizabeth Price, University of Brighton 1999
[352] Interview with Juliet Thomas appendix pg. no. 36

- Dealing with large businesses is not always the route to success. Orders from large businesses may look good but can often be more trouble than they are worth. Having placed a big order, the large business may start to demand certain criteria, insisting on their own terms of trade, long after the order has been placed and once production, costs and pricing have been organised. They may question the price, the quality of the product, while other smaller buyers have been happy to place orders. Once delivered to a bigger customer they may undercut other outlets that have regularly ordered from the designer, thus giving the possibility of rejection from smaller regular customers in the future. There is no guarantee the large customer will place further orders. Orders from bigger customers can sometimes jeopardise the business as financing them can be a problem and payment is not always prompt — small new businesses should not be afraid to reject this type of order if they feel it may have an bad impact on the business.

Researchers experience Kay Originals! [fashion] —

> A large department store showed interest in my collection one season and initially I was keen to take the order. When I thought it through and talked to other designers, I turned down what would have been my biggest order to date — about £10,000. I sold regularly to small boutiques across the country — they placed orders of about £1000-£2000 each season [twice a year] at least 5 of these customers were close to one of the department stores outlets. The department store would probably have undercut my regular customers and this would upset their trading. Some I considered good friends and one particular shop, who had brought from me since they had opened, spent about £5000 each year, were 100 yards down the road. I risked loosing all of their trade every season for one big order. The order would also have pushed my production capabilities. I know [through talking to other designers] if I was a day late delivering stock I would get penalised financially. I turned down the order. When I told regular customers — they were so pleased — strengthening my relationship

Katie Stirling [milliner] — found all her small independent customers very good at paying while the large department store she dealt with kept her waiting 90 days for payment.

Howard Fenn [silversmith] — talked about a design brief he had been given by a department store - they were paying very little but imposing all sorts of regulations.

Networking with other designer/maker companies is a useful tool in these situations to ask if they have dealt with the prospective customer before and if so were there any important issues that made trading with them difficult?

> Business plan - A good simple plan [written for the designer — not the bank], can keep the business on track and will be a good aid. Although a business plan will be needed for the bank — a one-page bullet point statement written by the designer on what they hope to achieve can be beneficial. This can be checked every so often to remind the designer why the business was originally started, and to check if the plan is being deviated from. If this is the case, the designer should question why — is this what they want or just the way they have ended up going, changes can be made before they find they are running a business that is not doing what they originally intended.

8.3.2. Agencies

Agencies and other help organisations are useful at helping with the administration issues but sometimes have little idea of how a creative business runs. In an interview with an exclusive ceramicist, she said the Business Links adviser thought that the Millennium Dome would be a boost to her business as she could make souvenir mugs!

The Crafts Council has been accused by a number of the interviewees of only helping businesses to whom they have awarded stetting up grants. One designer commented that the information about shows goes to the few awarded the grants and others get to know about it by their own means. It is clear from my interviews and from the questionnaires that the Crafts Council were felt to be the most helpful agency for the creative business particularly if you are awarded the setting up grant - they support Trade shows at home and abroad, have contact with the DTI, exhibit designers work and have an index of designs for anyone to access. For many designers being a Crafts Council Listed Designer has lead to trade shows and invitations from the DTI to show abroad with large subsidies. Getting a setting up grant is becoming more difficult to achieve — only approximately 35 are awarded a year.

> The excellent advice and facilities offered by the Crafts Council should be extended to include those businesses that were not recipients of an initial set-up grant.

Where set-up grants have been given, the designers are very complimentary about the Crafts Councils help.

Brigid Howarth of the Crafts council offered some very useful advice to the new businessperson to consider:

> Do you want to travel a lot, what do you want to do? Some people want to work really hard and be really successful get loads of publicity - it is quite glitzy. Other people don t want that- they want a quiet life, they want to make very high quality work. It is finding out what business matches what you want for your life and personality. Some people get trapped doing things like making a load of pots because they are not pricing them properly they are selling loads of them but the pricing is not right. They are stuck in a making rut and they can t divorce themselves from that at all.

What does the new entrepreneur want to gain from running the business?

8.3.3. Mentors

Many of the agencies offer, or insist on, mentors for new businesses that they are supporting.

These mentors can be helpful, but they may also have little knowledge or understanding of the designer/maker business, but may be helpful with the administrative side, such as setting up accounting systems etc.

If, however, these enterprise agencies would ask for help from those who have experienced first hand the problems that a small designer/maker business encounters, this would be far more beneficial. Even if a business had failed, the knowledge that has been accumulated would be far more useful than that of the retired accountant from ICI. However, mentors have a tricky job; Bridges et al[353] cite Gibb:

> The business is the ego and therefore even objective criticism of the business is taken personally. The implications of this include the fact that: A business consulting approach, which attempts to analyses and list what is wrong with the business before suggesting corrective actions, will be rejected because it is perceived as personal criticism. Instead a counselling approach, which seeks to help the owner himself to identify some of the issues stands a better chance of being accepted and producing change.

If most skills are learnt as the business is developing, it would be helpful to have a like-minded mentor to discuss business development with. This could be someone who may have only been in business a few years and therefore, has recently shared experiences.

8.3.4.   Networking — contacts

Contact with other designers is a great help for most businesses. They may have experienced similar problems, dealt with an awkward customer, exhibited at a particular trade show etc. It is the experience of many of the designer/makers interviewed and questioned that fellow designers are a good form of support. The new business needs to know about this important piece of advice and not to look on other designers solely as competition as their product will be original there is rarely an issue of competition in these situations.

Designers comments include:

Chaz Nandra[354] [product designer] —

> This is the only other way we really market ourselves - through a network. We are constantly in contact with everyone that we know — it called network marketing. It is true what they say - it s who you know, not what you know. You can be fairly sure that your first commissions will come through friends, relatives or old acquaintances. I never thought that we could march into Nokia or whatever and say give us work. It doesn t work like that — it does work when you know people. Make sure you don t loose contact with virtually everyone that you meet in this game. The fact that we know lots of people - I really believe if you are starting out, you need those two things. I can imagine the graduates that are coming out with ideas of being self employed — already though there is a network of contacts out there, people that graduated with them are keeping tabs on those people, you are more likely to open yourself up to opportunities that you wouldn t have seen if you keep in touch with them.
> We do not cold call. We don t do direct marketing but we do make sure that we have regular contact with anyone that we have done work for — we do that via two ways, 1 is just basically meeting up with them and 2 is that we have a regular news letter.
> But that was the fundamental point we didn t start the business without work to do — and I would say that to anybody.

Andrew Jackson[355] [furniture designer]:

> initially all the work we did was for friends and family, and then it became friends of friends, and then it became people through friends of friends of friends, but it became people that we didn t even know anymore.

A friend of the researchers who had just set up her own ceramics business after raising a family was very negative about friends and family support, almost making excuses that she had only sold work to people that she knew. This, she felt, was charity. However, friends want

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[353] Simon Bridge, Ken O Neill & Stan Cromie, Understanding Enterprise, Entrepreneurship & Small Business, Macmillan Business 1998
[354] Interview with Chaz Nandra, product designer, appendix pg. no. 12
[355] Interview with Andrew Jackson, furniture designer, appendix pg. no. 50

to help and this is a vital source to help raise cash in the early days — new businesses should not dismiss it. It is not unusual, in fact, it is normal — most people start with this support.

Katie Stirling [milliner] found the market [Camden Town, London] is a social place after working alone own making her hats all week.

One silversmith who has run his business for ten years commented, My eyes and ears are always open [to networking opportunities].

> **Encourage networking - right from the first day of trading, talk to others. Other designers will more often than not give the designer/maker far more useful advice than anyone else — e.g. trade shows, people not to deal with, poor agents, good suppliers, the list is endless. Other designers are also like-minded and so it easy to have a moan if things are not going to plan —others may well have experienced a similar situation.**

8.3.5. Business administration

Many businesses commented that they had no idea that so much of their time would be taken up by just, organising the administrative side of the business.

Andrew Jackson[356] [furniture designer] commented:

> In the end my partner and I never really designed anything or made anything anymore, because we were so busy running the business and didn t have the time to do what we originally set up. After I sold my share of the business to him, he employed a business manager to replace me. That freed him up to do design work. The problem that we had was that we were both designers, so that neither of us wanted to do the business side of it, we both wanted to design. In retrospect what I should have done was to set up with somebody that just wanted to be a business manager. Then I could get on with what I wanted to do and he could have got on with what he wanted to do. I think that would have been much better.

From the questionnaire many respondents commented that a lot of time is spent doing paper work — one textile designer who has been in business 10 years estimates that he spends 80% of his time doing work other than designing. One accessories designer who had run their business for 20 years commented as a designer/maker I have found the business side

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[356] Interview with Andrew Jackson, furniture designer, appendix pg. no. 50

difficult as usually the two do not go hand in hand. But you do get a feel and instinct for the

business side of it - which develops in time.

Researchers own experience —

> *Running the business takes up most of your time - especially when I started*
> *employing staff. I always had to be one step ahead of the staff so that I could be*
> *assured that they were busy. PAYE, VAT and Tax returns all take a huge*
> *amount of time to fill in and no one is paid to do them.*

New businesses need to be made aware that the administration of a business is an essential task and takes a great deal more time than is usually expected to undertake.

8.4. How can the new designer/maker business promote themselves

Where businesses have had someone to promote and sell the idea, they have clearly found

development easier. Every business benefits from good press and PR [public relations].

Hiring a PR representative, however, is out of reach for most small businesses.

However, PR is time consuming and can be overlooked but is an essential part of a

successful business. Where businesses have made an effort to promote themselves this

appears to have paid off.

Lisa Hammond[357] [ceramicist] comments:

> *Most of the shows I do are retail — I sell to the public, like Chelsea, I don t have to go out*
> *and look for customers at all, I always have enough work to keep me going.   I do now*
> *make a point of keeping myself in magazines and stuff. I think I haven t been in anything*
> *in a while; I put an advert in the magazine advertising something we are doing. We get a*
> *lot of publicity from being at Chelsea anyway- I ve just stuck one in recently — its double*
> *fold - your bringing people towards your venue that may not know about it. And - its*
> *keeping your face in focus as far as your peers are concerned — so that feeds on itself —*
> *people say — oh your doing really well - I see you everywhere — and its only because I*
> *look visible — and that is part of it.*

If time can be set aside for PR then the business will reap the benefits.

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[357] Interview with Lisa Hammond, ceramicist, appendix 61

8.5. Self help books

Most of the self-help books give good advice on the stages required to set up a business, there is extensive advice on the style of business [sole trader, partnership, limited company etc]. There is also much information on accountancy, VAT, insurance, pensions and employment of staff. However, the actual running of a designer/maker business is so individual as we have seen from the respondents to the questionnaire and the interviews that it would be difficult to write a book to help these businesses.

8.6. Student knowledge of business start-up

The researcher, having taught business studies in the form of a business plan for a fashion business, found that there are some important issues which students graduating from college, considering setting up a business are na ve of or often totally unaware.

These include:

- Bad debts — how they occur and how to overcome them
- Signing documents — professional help is necessary.
- Where to get help & how much it costs.
- Copyright — an important issue with new products as well as being scared of being copied.
- Customers and different market levels — how the markets work — wholesale and retail and the pricing implications.
- Sale or Return will sell a product.

It is important that student s knowledge of business start up is increased and this project can commend the work already undertaken by GIB at Brighton University.

> Where possible, students should have contact with and experience new business development. This may be through work experience or realistic college business projects or having designer/makers as regular lecturers.

9. Recommendations

From the research and the findings, the following are recommendations that would help the designer/maker setting up in business.

9.1. National register

Although a great deal of help is available, it is widely dispersed and the help varies from agency to agency. The set up of a national web site with government support to encourage all businesses of this nature to register would provide a central resource for dissemination of relevant information.

The web site would be used by designer/makers for information and communication with other designer/makers. Students would also be able to browse the site for information on business start-up.

Some of the uses would include:

- Directory of UK designer/makers which could be accessed by design discipline or region [i.e. Silversmiths or East Anglia]
- Networking opportunities with other designers
- Trade show information — useful to exhibitors and buyers
- Work experience placements for interested students. It could be made clear that wages would not be paid to encourage small businesses to volunteer to take on willing students, this would benefit both business and student
- Teaming up with designers for trade shows, making a show more affordable for the smaller business
- Question and answer site for businesses to help each other with any business issues, older business would be encouraged to help the new business
- Business mentors and designers from the same field could be linked
- Promotion of work - students outside the design discipline, interested in promotions could be encouraged to link up with a new business that required help in promotions and use the business as project work

- Simple accountancy and administration packages could be set up on line and be made available to download

- Links to support agencies — PYBT, Crafts Council, Shell Live Wire etc.

Key pages for web site:

Page Name	Information	Uses
Company Details See example below	Company name — contact details and chosen field of practice.	Quick reference for buyers and designers meeting other companies
Product See example below	Product produced — this may need subdivisions — such as Silversmith — jewellery — product - sculpture	Quick reference for buyers
Associations and Agencies	Contact details	Quick reference for designer Some designers may be unaware of smaller groups — this would give them access to other designers
Trade shows and Exhibitions	Contact details	Quick reference for designers
	Dates and times	Useful information for buyers
	Exhibitors list	Useful information for buyers and designers
Designer Network	Only accessible by the designers — [password would be required]	Designer networking for: trade shows, & business problems - question and answer page — [this would be especially useful for new businesses].
Work experience page	Designers can advertise work placements — details of wages and job description	Students in college and those who have graduated can easily gain work experience

Example of Company Details Page

Company details	Contact name	Contact details	Product Area	Company status	Affiliations	Trading details	View work	Photograph	Prices
Name of company.	Name of company owner	Address Telephone Fax Email Web Site	List of product areas i.e. ceramics jewellery Interior Product These may be subdivided i.e. Fashion —subdivisions — womanswear-childrenswear-menswear	Trading dates of business Employment details :- Sole trader Partnership 2-5 employees 5-9 employees 10+ employees 20	Details of any business affiliations e.g. Member of Jewellers guild	How the business reaches the customer i.e. retail wholesale	Where the work can be seen and purchased	Photograph of work	Rough price point from - to

Possible Hyperlinks in Red — details below

Company details	Contact name	Contact details	Product Area	Company status	Affiliations	Trading details	View work	Photograph	Prices
Link to individual company site.		Links to email and web site			Links to affiliation organisations		Link to relevant trade shows — [for wholesale buyers] and shops — [for retail] — businesses that only wholesale could give a list of retailers they stock — this could be divided up for areas of the country. Other traders showing at the show.		

Links to other pages of site in Blue - details below

Company details	Contact name	Contact details	Product Area	Company status	Affiliations	Trading details	View work	Photograph	Prices
Name of Company		Address Telephone Fax Email Web	List of chosen areas i.e. ceramics jewellery Interior Product			How the business reaches the customer i.e. retail wholesale			Rough price point from - to
Link to company web site		Links to businesses in areas – country can be divided up into areas	Links to all other designers in the same area – i.e. ceramics. This would be useful for buyers and designers. Designers links to Networking page for designers to contact those in the same field –			Links to other trade shows – fairs etc -			Links to other trades in same area with similar price points

*Example of **Company details page** — this site will be a basic fill in style sheet — however, this will link to a more thorough page set up by the designer — see example over page.*

Using the researches own [now closed] company as an example

Company details	Contact name	Contact details	area	Company status	Affiliations	Trading details	View work	Photograph	Prices
Kay Originals	Kay McKenzie		Fashion	Started trading 1980 Employment details 2-5 employees		Wholesale	Premier childrenswear		Wholesale from £9.50 - £25

Kay Originals!

Contact - Kay McKenzie — designer - Details below

Fashion — speciality children s clothing — Ages from 6months — 8 years Boys and Girls

The next collection can be seen at Premiere Childrenswear National Exhibition Centre Birmingham Feb 12th — 14th for tickets or details contact Kay as above

Prices [wholesale]— baby wear 6mth-18month £ 10-25
Girls separates — 18mths- 8yrs £12-£35
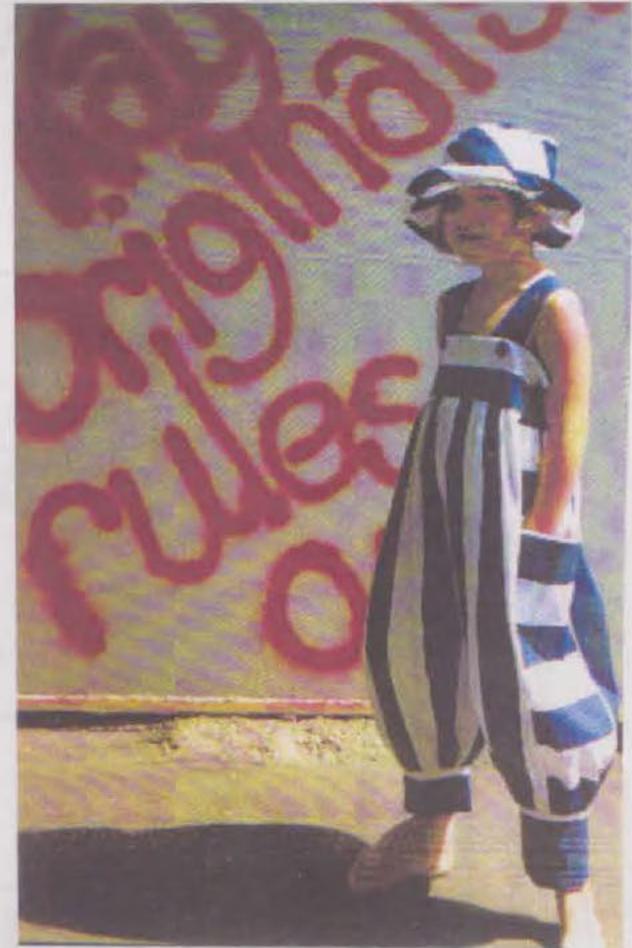
Companies by Product

Example:

Product:
e.g. **Fashion Product Ceramics Furniture Jewellery Accessories Crafts Glass
Silversmith Art Textiles Wood Interior Accessories**

**Within the product area companies could be not only be listed alphabetically but could
also be sorted by:-**

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price point	**area**	**exhibition or**
e.g.	e.g.	**trade show**
£0-£50	South East	e.g.
£51-£100	South west	Designers
£101-£500	North west	showing at The
£500+	North East	Chelsea Crafts
	London	Fair.

9.2.   The Customer

The way that the designer/maker reaches their customer is fundamental to the business.

Having made a decision as to how the business will work the cost of the route taken is

important to the pricing of the product. Craft fairs, trade shows, galleries and retail are the

routes that most of these businesses take, although the Internet is having an influence on

these businesses. A simple reference book of routes to the customer, cost implications and

pros and cons of the different trading styles [retail, wholesale, sale or return] would be of

advantage to the new business, but also to students thinking about business start-up, college

lecturers, business advisors and the banks. It would make it clear that the designer/maker

business is very different to other new business start-ups. The book would include dates,

locations and contact details for all relevant UK trade shows, who exhibits at them and who

visits them [whether the buyers are wholesale — bulk buyers or the general public looking for

one item]. It would also include contacts at the DTI for overseas trade shows, and what these

entail and the selling implications. It would also highlight some of the important issues raised

by designers in this project such as learning to say no. Through a thorough library search and

information printed by agencies and banks this information is not available — it would be a

tremendous benefit to many.

The Customer — diagram of reference book idea.

how to reach the customer

retail	sale or return	wholesale

retail example ..

retail

shop	market	fair	open studio	internet	mail order

costs —

expenses i.e. rent, council tax,
contact details where necessary [trade shows, fairs etc]
where to find relevant help,

trading regulations —

possible restrictions — issues to be made aware of

pros and cons —

solutions — possible alternatives

examples & scenarios —

other designer experiences — their comments and ideas.

sale or return

shop | market | fair | mail order

costs —

expenses
contact details where necessary
where to find relevant help,

trading regulations —

possible restrictions — issues to be made aware of

pros and cons —

solutions — possible alternatives

examples & scenarios —

other designer experiences — their comments and ideas.

wholesale

| trade shows | studio / workshop | internet | catalogue, mail order |

costs —
expenses — printing literature etc
contact details where necessary [trade shows, fairs etc]
where to find relevant help,

trading regulations —

possible restrictions — issues to be made aware of

pros and cons —

solutions — possible alternatives

examples & scenarios —

other designer experiences — their comments and ideas.

9.3. Advisors & Mentors

Business advisors and mentors need to have a better understanding of designer/maker businesses. [The above Customer reference book would be of great benefit to these individuals.] It is clear from the information that the Crafts Council are far better equipped to help the designer/maker business, however, the Craft Councils remit excludes some sectors. Businesses advisors need to study the model set by the Crafts Council when deciding on what help they give to these businesses, as this has been commended by those that have had the benefit of its advice. Mentors are clearly a useful aid in start up, but encouragement to help agencies to use mentors from similar disciplines would further help the new business. Designers that have been in business for a few years but may still be small or others that are no longer trading would be more beneficial than individuals from a different background. They do not have to be experts, but if they have some experience of the industry, they will be far more helpful than the mentor with no idea of the market.

9.4. Education

Many designer/makers subsidise their income with teaching work, this should be encouraged, as it is not only useful to the designer but to the student too. The designers should be encouraged to discuss their business experiences with students — this is an excellent way of strengthening student s knowledge of small businesses in the sector. Projects can be set to include some of the basic business administration requirements; in this way, students would be able to better understand business requirements.

From the researchers own experience as a lecturer in a Fashion, students enjoy working with designers from industry on real projects that include the designers professional advice on their work. Students also gain a great deal from setting up imaginary companies — including undertaking all the financial side of business start up, giving them an idea of what is involved. The researcher has also found that rather that putting the future designer/maker off working

for themselves — this style of project gives incentive to start up a business if no job can be found following graduation.

9.5.   Business planning

Business plans are required for a number of reasons. Initially, the new business will have to satisfy the bank of the businesses intentions before an account can be opened. However, as well as this possibly over ambitious document, where predictions of sales forecasts are made, a simple plan for the designer is a useful tool. A single page describing what the designer hopes to achieve [short and medium term] in bullet point format is sufficient. It can then be reviewed at regular intervals [1-2 months]. Keeping to an original business plan will prevent the business from unplanned changes of direction. The new business should try to survive for at least a year, if not two or three, before adopting a new development strategy. These businesses are rarely a success over night. If the business is still not achieving success then changes may have to be made. However, perseverance and patience are required.

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- www.artisancrafts.co.uk
- www.badcocksgallery.co.uk
- www.caa.org.uk
- www.cassian.co.uk
- www.craftscouncil.org.uk
- www.culture.gov.uk
- www.dazzle-exhibitions.com
- www.dti.gov.uk
- www.ericaquincey.fsnet.co.uk
- www.essex.tec.org.uk
- www.home.alone.net
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- www.lemonstreetgallery.co.uk
- www.nickmunro.com
- www.pbc.co.uk
- www.richardbaxter.co.uk
- www.sharonmarston.com
- www.studiopotery.com
- www.trannon.com
- www.vitra.com
- www.walk-about.co.uk
- www.widemedia.com

10.3. Magazine and Newspapers

- Blueprint
- Crafts - Crafts Council Magazine
- Design Week
- The Economist
- Elle Decoration UK
- Elle Decoration USA
- Guardian Space magazine
- Guardian Weekend Newspaper
- Homes & Gardens Monthly magazine
- House & Garden UK
- House & Garden USA
- Interiors
- Wallpaper*

10.4. Television Programmes

- BBC Dangerous Company - What s so Sexy about Management Consultants?

Appendix

Micro-Business Development In The Creative Industries Sector

Appendix

Introduction

The following are the transcripts of the interviews with designer/maker businesses and people involved with those businesses.

Also included are the extra comments made by the respondents to the questionnaire.

History of Researcher s business: Kay Originals!

Business entailed Design, production, wholesale and retail.
Business started 1980.

1980   Graduated from Saint Martins School of Art
1980   August set up Kay Originals! Took out £250 overdraft with the bank to purchase first machine
1980   Started trading selling woman s designer clothing, at Camden Town Market, London at weekends.
1981   Moved on to Kensington Market with colleague from college who also had a stall at Camden — trading 6 days a week.
1982   Began wholesaling to a shop in the Kings Road, Chelsea,
1983   Started employing outworkers to help produce garments.
1983   Moved into large workshop with shop frontage in an alley-way off secondary trading area.
1983   Moved out of Kensington Market to concentrate on wholesale.
1983   Started trading at Covent Garden market at the weekends.
1983   Produced a maternity catalogue for 2 seasons, received good publicity [Sunday Express fashion pages] but sales were low.
1983   Took on franchise in shop in Monmouth Street, Covent Garden [connection with Kings Road shop].
1983   Stated showing woman s collection at The London Show, Kensington, [wholesale].
1984   Freelance design work for Laura Ashley.
1984   Moved out of Monmouth street, [owner sold shop without researchers knowledge], stated trading at Covent Garden Market at weekends.
1985   Showed first childrenswear collection at Premiere childrenswear London, still showing at womanswear shows.
1986   Stopped showing womanswear collections as childrenswear sales where so strong
1987   Included in Living magazine childrenswear mail order special design.
1987   Took on full time sample machinist.
1988   Included in Video presentation of business development by the Open University
1989   Took on agents to carry the collection over the country, took on second sample machinist.
1990   Showed at Mode Enfentine Paris [childrenswear trade show] sponsored by DTI.
1991   Freelance work for Mothercare, Primark, Children s World.
1991   Having had tremendous problems sourcing original fabrics started attending Premiere Vision in Paris [worlds biggest textile trade show] started importing fabrics from Belgium Portugal, Italy, Spain and Germany.
1991   Following the recession shops started to struggle to pay bills some went bankrupt owing Kay Originals a great deal of money.
1991   Brought German fabric having been promised by the government we would not come out of the ERM [European monitory fund] —UK left the ERM fabric bills increased by over £1000.
1992   Made sample machinists redundant, stated using a factory to produce collection.

From the mid eighties onwards High Street shops [Next, Gap, Jigsaw, Hennes] started adding childrenswear collections to their portfolio, following the recession in the early 1990s small independent shops started closing down as they could no longer compete with the prices of these new high street retailers.

1996   Finally decided that the business could no longer survive as the customer base was disappearing. Asked by one competitor to design for them.

Kay Originals! had to deal with Accounts, PAYE, Tax returns, VAT, Agent contracts, Bad debts, Staff, new leases, invoicing, large fabric orders, factory leasing [and much more] to keep the business turning over.

Interviews with Designer/Makers.

Questions to Designer makers

The following are the list of questions initially drafted by the researcher to ask the designer/makers. The researcher tried to keep to the questions simple, but unfortunately, this was often not possible. Most of the designers were far too busy to give up a large amount of time and in these situations, the researcher prioritised the questions. Frequently, once the designers started recalling their past business lives, it was difficult to interrupt and the researcher chose to let the interviewee continue their own line of thought.

When did you start your business?
      Straight from school/college
      Did you work before - was this connected
      Did you train in anything related
How did you start your business?
      Financial backing
      Help from agency
      Did you have part time work to subsidise your income
Where did you start your business?
      From home
      Workspace
Customers?
      Who do you sell to
      How did you find them
      How has this developed
      How do you reach your customer today
Did you take advice on starting a business?
      Did you get a grant — from whom
      The advice that you were given — what use was it — did the adviser know about small creative businesses
Growth?
      When you started your business how did you anticipate it would grow
      How did the business expand
      Have you changed direction - why
Pitfalls in expansion?
      What problems did you encounter in expansion
Employment?
      Do you employ people
Bad Debts?
      Do you have bad Debts
      How do you deal with them
      Do you take legal action — in what form — does it work
Banks?
      Have they helped
      How is your relationship with your bank manager
      Do they give helpful advise
      How could the relationship be improved
VAT?
      Are you registered
Unexpected problems?
      Have you had problems that you just didn t envisage when you started your business
Advice?
      One piece of advice for someone starting up a new business

Other Important Documents

Paper published in csd magazine.

A call to the small business entrepreneur.

I have always felt that to run a business you need to be perhaps a bit 'thick skinned', certainly not an academic. The reason for this is simple – in setting up a business the entrepreneur must consider all the pros and cons, it is here that the academic would falter, there is after all so much that can go wrong. However, the foolhardy person [and I include myself in this category] perhaps ignores the pitfalls and dives head long in.

Recently I have started to interview other businesses similar to my own businesses that design and manufacture a product, as I did from 1980-1996[358]. Asking the small business why they have taken the course that they have to build their business, the answers are all as different as the businesses[359]. Using these case studies I am gathering information on how the entrepreneur develops their business. One of the main issues I am concentrating on is how they find their customer[360]. Each business has a different story to tell, but I would say most like myself most worked through the bigger problems by themselves basically because you have to think on your feet and decisions need to be made immediately, there is no time to read a manual.

In the course of my interviews I spoke to a man who is setting up a structure to help the small business export to the USA. It was a joy to speak to him, he had run his own business, and therefore knew the major pit falls that can occur in any business development. As I talked to him about the variety of ideas that he is setting into motion, I thought what a help these ideas would have been to myself if only they had been available. I realised that what he is instigating was exactly what was needed, simply because he had been there himself. He knew what was required by the small business to make their businesses run smoother and more efficiently and ultimately to make the business more successful.

Many small business entrepreneurs, whether they are still running the business or have given up, have a lot to offer. Through my interview/case studies I aim to produce a document of advice built up by people who have actually experienced the problems involved. There are I know already a number of business start up books[361], and all offer good sound advice on writing business plans and organising business accounts. I aim to document issues not covered by these publications, because I feel that much advice can come from those who have experienced it themselves, not those who have done a business course on how to do it, or perhaps retired from a high powered position in industry. I know from my case studies to date, that the information I am collating is valuable, everyone that has 'been there' has strong opinions on a variety of subject from the Banks to Copyright and of course bad debts.

If you have ever run a business, that designs and manufactures a product, whether you are still running, have given up or gone bankrupt please contact me. I would like to hear your opinions and experiences as the more case studies that I can document, the better the outcome for the new business entrepreneur.

Kay Stewart, Kent Institute of Art & Design, Fort Pitt, Rochester, Kent. ME1 1DZ.
Email: kstewart@kiad.ac.uk

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[358] Kay Originals! the design and manufacture of woman's and childrenswear.
[359] These include Potter, Painter, Milliner, Jeweller.
[360] market stalls, craft fairs, retail, wholesale, agents, trade shows, personal contact, mail order, the internet, etc
[361] Small businesses guide, Lloyds Bank, Sara Williams.
Starting Up a Successful Business, Business Enterprise, MJ Morris
Running Your Own Business, Allied Dunbar, David Williams.
How to Set up and Run Your Own Business, Daily Telegraph.

Paper published in The European Academy of Design, July 1999

A review of marketing strategies for start-up Business and SMEs in the Creative Industries in the UK

INTRODUCTION

Little information appears to be available on where a new design related-business will find its customer. Although a number of publications have been written on how to start up a business [362][363][364][365], most include compiling a business plan, and the development of the business, but no significant field of research has concentrated on marketing strategies for the new business in the creative sector. Based on previous experience in the women's and children's clothing sector [366], the project involves the detailed survey of start up business scenarios and the compilation of case studies. The project focuses on different business strategies and marketing approaches which entrepreneurs in SMEs undertake in the initial stages of the company formation and development in the first five years of operation. The project reviews the decision-making approaches, the sources of advice and assistance used and the perceived factors of success. A survey of 30 start-up businesses, together with a review of business development, finance and advisory support agencies, has defined a general assessment of the enterprise environment for new companies operating in the creative industries sector. Although no set pattern appears to exist in the creation and initial development of such business, the study highlights a number of areas of concern, needs for advisory support and business education.

INITIAL RESEARCH FINDINGS

The initial phase of the project has focussed on the identification of the existing business development agencies, compilation of a focus group of start-up businesses, and the definition of the questionnaire and debriefing approaches to be undertaken during the survey interviews. The following issues have been highlighted during the survey:

However certain issues come up with virtually every interview that I do:

1. Most people find selling their own product difficult, it is a bit like "blowing your own trumpet", and for most designers this is very difficult to do. One of the solutions appears to be to give the product to an agent [although there seem to be pro and cons here too] and the sales increase.

2. The biggest problem, and one that I came across with my own business, is dealing with large companies. Most small businesses either have huge trouble negotiating with them or alternatively learn by their mistakes and avoid doing business with them. There is a multitude of reasons why, but the predominant one is that the big companies have the power to dictate their own terms.

3. There are almost always completely unexpected problems, things that even with all the good advice in the world can leave you high and dry.

    An example from my own company was the withdrawal of the UK from the ERM [*European Monetary Rate*], when the government had stated categorically that we would stay in. I had purchased German Fabric that season, had sold the collection and was manufacturing the goods when the UK was pulled out. The subsequent devaluation of

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[362] Small businesses guide, Lloyds Bank, Sara Williams. Publisher Penguin Books, 1996.
[363] Starting Up a Successful Business, Business Enterprise, MJ Morris. Publisher Kogan Page, 1996.
[364] Running Your Own Business, Allied Dunbar, David Williams. Publisher Nicholas Brealey, 1995
[365] How to Set up and Run Your Own Business, Daily Telegraph. Publisher Kogan Page, 1998.
[366] My own business, Kay Originals! run from 1980-1996 designing, manufacturing and selling woman's and children's clothing, starting on a market stall in Camden Town, London to wholesaling throughout the country.

Sterling thus increased my fabric bill by several thousand pounds, but it was now too late for me to change my prices to my customers.

4. Probably the most obvious comment from all the people I have interviewed, but because of that worth stating - working for yourself is very hard, you can expect to work long, often unsociable hours. It can also be a lonely existence.

5. *Finally the advisers that are recruited by the banks and the various development agencies have rarely been in the same position as the person that they are advising. Many are retired businessmen that have worked for multi-national companies with teams of people working for them. They may well have worked their way up in a company, but few have started a business. The information that they give is not incorrect, they have however, rarely had to go out with a clean sheet and find a customer base for a completely new product.*

CONCLUSION

The next stage of the project will provide an in-depth analysis of the initial survey information, and with the expansional survey group to confirm survey findings. It is hoped to produce a comprehensive checklist of the various ways to reach the customer; market stalls, craft fairs, retail, wholesale, agents, trade shows, personal contact, mail order, the internet, etc. The information will be compiled from the case studies, documenting the variety of experiences; the pitfalls as well as the successes and include a rough guide to the financial implications of the different areas.

Finally, I don't expect to end up with a document that states that one way of starting and running a business is preferable to another. I am keen to emphasise that if you want to sell your product and make a living, there are a variety of ways of achieving this, and if you can achieve this on any level, then you have a successful business.

I am interested in any comments, but particularly if you have started your own business in design and manufacture, whether you are still running today or gave up the battle. Please contact me. The broader the case studies, the better the outcome.