

## **HIGH GROWTH FIRMS IN THE SOUTH WEST ARE WORKING THEIR WAY TO RECOVERY**

- **One in three Beacon businesses in the South West see improvement in performance in Q2 2010 – up from 26 per cent at the beginning of the year**
- **The region's firms brace themselves for the effects of public sector cuts but remain focused on the future**

One in three companies in the South West have seen performance lifted by sheer hard work, according to new research among the region's leading managing directors and business owners.

The survey of more than 60 managing directors of the region's top performing businesses was conducted by leading business forum Beacon South West. Findings show a third of these managing directors (32 per cent) say profits are actually up on the previous year, and fewer firms are reporting tough trading conditions - a figure down from 16 per cent to 11 per cent since the start of 2010.

In addition, the survey shows an increase from 30 to 37 per cent since January in the number of firms feeling "bullish" about their business in the coming months, but do feel that it is the actions of their competitors such as price cutting, which is keeping 63 per cent of the region's firms on their toes. Fluctuating exchange rates are also having an impact on a further 50 per cent of businesses. Overall, this research reflects optimism for growth and recovery among enterprises in the South West as we move into the second half of the year.

Sue Baker, project director for Beacon South West, said: "Whilst South West businesses appear to be planning optimistic strategies for growth in 2010, they are still keeping their feet firmly on the ground and maintaining leaner and more efficient enterprises to ensure they will be able to respond to any economic threats."

However, not all the businesses surveyed are seeing the same rate of recovery. Fewer firms (eight per cent, down from 12 in January), are managing to be more lean and more efficient, and an increased cost of materials is still affecting 44 per cent. In fact, the number of firms that say trading is so difficult they are in cost-cutting mode has actually increased from one per cent to two per cent.

Recent events such as the Icelandic volcano eruption and the General Election impacted on around half (49 per cent), of firms in the region.

Beacon South West is a proactive forum for high growth businesses in the South West which enables cross-sector collaboration and peer learning among senior execs of inspiring firms, awarded Beacon status for best practice and enterprise. There are over 230 dynamic Beacon-accredited companies, all of which have gone through a rigorous validation process.

Sue Baker added: "The premise of Beacon South West is to allow the region's leading directors to promote good business practice and to share and learn from business experience. This has proved to be particularly valuable in a changing economic climate. The monthly Beacon 'Boardroom' meetings are an opportunity for us to gather the opinions of these leaders and use them as a barometer for the rest of the region's firms."

This Beacon South West economic intelligence survey is based on anonymous feedback captured at monthly Boardrooms between April and June. This is tracked and compared with previous surveys. The overriding themes of Q2's Boardroom intelligence indicated:

- Companies are actively taking on graduates bringing them up through company ranks as in many cases, the quality of senior sales staff in the job market is not satisfactory
- In addition to the sales market, there is also a skills shortage in the engineering sector where firms are turning to head-hunters to find the best people for their business
- Many firms are focusing on developing people skills as an investment in future growth
- For some, the effects of the public sector cuts are yet to be felt but they are optimistic for the future
- Manufacturers are experiencing slow domestic growth while US and European trading is increasing, and although raw materials are reported to be expensive, prices in general are coming down

Sue Baker concluded: "For many firms in the region, the last few years have been tough but the feedback from Beacon companies is that trading conditions are feeling more stable but still a little unpredictable. This feedback is valuable intelligence for the region's business decision makers, and we are proud that Beacon firms contribute to the South West economy, either individually or through building alliances. By being so willing to share their strategies and knowledge about the current landscape, they are an example of best practice and inspiration for other ambitious businesses."

To find out more about Beacon South West, including joining the initiative, please visit [www.beaconsw.org](http://www.beaconsw.org)

**ENDS**

**For further information on Beacon SW, please contact:**

Caroline Charles at Bray Leino Tel: 0117 906 4570

Email: [ccharles@brayleino.co.uk](mailto:ccharles@brayleino.co.uk)

**Note to editors:**

Beacon surveyed 62 owners and managers of from its base of 230 Beacon company members

**Beacon South West** brings together some of the South West's most forward thinking and ambitious companies to promote success and spearhead the growth of the region. Beacon South West is an award given to those companies who can demonstrate outstanding achievement across a range of criteria, including significant improvements in productivity and performance, profitability, work culture and innovation. Beacon South West members play an important role in cultivating enterprise excellence in the region. <http://www.beaconsw.org>