

Growing Jersey's Economy



Enterprise and Business Development Strategy

States 
of Jersey

Economic Development Department

Foreword

The key to economic success and social stability lies in having a sound fiscal environment, coupled with quality, creativity and entrepreneurial spirit.

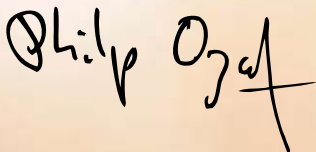
The Island has carved out a special niche in International Finance Services and is regarded as one of the most successful small economies in the world. Whilst finance remains the driving force of the economy, it is important that other sectors reach their potential too.

As Minister for Economic Development, I am charged with developing strategies that will deliver our over-arching aim of 'Economic growth, with sustainable inflation, coupled with economic diversification and the creation of jobs'. This will not be an easy task, and will take time to deliver. The agreed 2% economic growth could, in all probability, be easily achieved within the finance and related industries, however the agreed growth target will be measured across all sectors and analysed accordingly. My Department will, in its drive for economic growth, remain within the agreed States of Jersey Migration Policy of a maximum of 1% growth of the working population averaged across the next five years.

To assist the Department in achieving these targets, an Enterprise and Business Development Strategy has been developed. The aim of which is to stimulate business start-ups, support growth within new and existing organisations and encourage diversity across all sectors of the economy. This is a bold and ambitious strategy that will deliver diversification and restructuring in the economy. It will be funded by rigorous prioritisation of expenditure within the existing Economic Development budget, supplemented by additional funds awarded to the Department. The result will be a new range of products and services being promoted coupled with a new Business Development Centre for all business enquiries.

I have pleasure in presenting the Enterprise and Business Development Strategy to you and hope you will support me by utilising the initiatives contained within.

Signed



Senator Philip Ozouf
Minister for Economic Development

Introduction

The States of Jersey agreed policy framework for sustainable economic growth is published within the Strategic Plan 2005-2010. This, coupled with the Economic Growth Plan, set a target of 2% real economic growth across all sectors. In addition, it must be delivered within the agreed constraint in growth in the working population, of 1% per annum, and not result in the introduction of inflation above target. These targets present significant challenges to both the States and the Island's economic growth.

The Enterprise and Business Development Strategy is a major strand of the Economic Growth Plan that aims to stimulate growth in the economy. The financial services sector will continue to be a key element of Jersey's long term economic prosperity, and the States will continue to support growth in its products and services offered from the Island. However, the key to economic success and social stability lies in the diversity of our economic base and the industries represented within the Island and therefore support in this strategy is focused within the non-financial services sectors.

To achieve this objective, a long term restructuring of the economy will be required. During this period, working population growth and inflation will need to be kept within the agreed thresholds.

The Enterprise and Business Development Strategy aims to enhance the current government approach to enterprise and business development in the non-financial services sector. It includes a portfolio of new initiatives and a new Business Centre that will provide customer facing support.

These initiatives and complementary services will, in the main, support local businesses employing fewer than 5 staff, which represent 75% of all Island businesses and half the working population (see Figure 1). There are currently 4,500 businesses trading in Jersey of which only 232 employ more than 20 staff. The scale and size distribution of businesses trading in Jersey is shown in Table 1

Figure 1.
Distribution of businesses by size of workforce

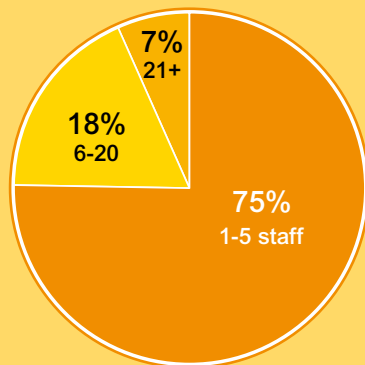


Table 1. Current scale and size distribution of businesses trading in Jersey

Sector	Number of companies by size of workforce				Total Number of employees
	1-5	6-20	21+	Total	
Agriculture and Fishing	213	59	13	285	1,464
Manufacturing	145	43	12	200	2,245
Construction and Quarrying	747	158	35	940	4,552
Wholesale and retail	732	178	53	963	8,536
Hotels, restaurants and bars	247	124	37	408	4,126
Transport, storage and communication	169	32	20	221	2,466
Finance	228	92	91	411	11,677
Other business activities	1,246	212	62	1,520	7,824
Total	3,727	898	323	4,948	42,890

Source: States of Jersey Statistics Unit, Jersey in Figures 2005

Delivering economic growth across a business infrastructure of this scale will require a change to the Island's current approach to enterprise and business support outside the financial services sector. At the heart of this new approach will be a partnership between government and the business community. A new Business Centre will work in partnership with existing providers, such as Jersey Business Venture and the private sector, to deliver a customer facing information, advice and support service.

Market Opportunities

The key deliverable of the strategy is conversion of on-Island and off-Island market opportunities into economic development and growth outputs. Figure 2 illustrates how Jersey intends to achieve economic growth by realising market opportunities.



Figure 2. Market opportunity and value chain



In basic terms, this strategy aims to help existing and new businesses realise market opportunities.

Strategic Framework

This strategy will grow existing businesses and increase the number of new businesses. The framework for this is detailed below:

Growing existing businesses

The first source of economic growth and diversification will be as a result of increased output from the Island's existing 4,500 businesses. In basic terms, this market represents two main opportunities:

Growth through on-Island trading

To increase economic outputs, all sectors in the economy will be supported to continually thrive to improve business efficiency and productivity, leading to maximised on-Island trade. In addition to creating new on-Island trading opportunities, businesses will be encouraged to invest in new technology and services.

Growth through export trade development

Currently export trade, outside the financial services sector, is largely restricted to agricultural products. Whilst the agricultural sector is expanding, a key element of this strategy is to help other businesses benefit from exporting.

Delivering a better developed international trading footprint for businesses in the Island, will not only enhance company profitability but also improve Jersey's profile in key international markets.

Increasing new businesses

The second source of economic growth and diversification is the development of new businesses. This market comprises of two constituent elements: business start ups from within the Island, and new businesses established in the Island as a result of inward investment.

On Island business start-ups

The origin of on-Island business start-ups will be an idea generated by an individual, or a group, who come together and develop a potential new business idea. The idea may be an invention, a new product, or a new service that could be either "ground-breaking" or one that simply brings original thinking to an every-day problem.

Information, advice and guidance on how to start up a new business will be enhanced, and the barriers to business start-ups and entrepreneurial activity will be removed.

Inward investment

Jersey has the potential to attract inward investment to further develop existing sectors and deliver a key component of the economic diversification agenda. High-value businesses who wish to develop commercial applications for intellectual property in the Island will be targeted and encouraged to locate here. Such companies are characterised by small numbers of highly paid employees with the potential, via skills transfer, to develop the skills base of the Island's workforce whilst producing economic growth and increased tax revenues.



Sector Specific

Contained within the aforementioned framework are existing and emerging sector specific strategies, together with training and skills development across all sectors.



Tourism & Agriculture

The tourism and agriculture industries are not significant direct contributors to the Island's economic outputs measured by Gross Value Added (GVA)¹. However, they do provide high levels of employment and play a significant part in the social and environmental make-up of the Island. It is therefore essential that strategies are developed for these important sectors.

The emerging Visitor Economy Strategy will guide the future development of the tourism sector. Particular emphasis will be placed on business support activity as a driver to integrate the transport, accommodation and attraction elements of the Jersey offering. The Enterprise and Business Development function will promote and deliver innovation and entrepreneurial activity in this sector.

Within the agricultural sector, the Enterprise and Business Development function will work in a number of ways. Assistance will be given to the delivery of the States-approved Rural Initiative Scheme through the partnership between the Planning and Environment and Economic Development Departments, individual agricultural businesses and key players in the sector. Support will also be given to organisations, such as Genuine Jersey, to maximise the export potential of existing and future Jersey agricultural products to both the UK and European markets.

Skills

Economic restraints caused by skills gaps have been highlighted within the Economic Growth Plan, and in labour market research projects. Introducing enterprise education will encourage the development of skills and attributes that employers are looking for, such as team working, commitment and flexibility. This will compliment the workforce development work currently being undertaken by the Economic Development Department.

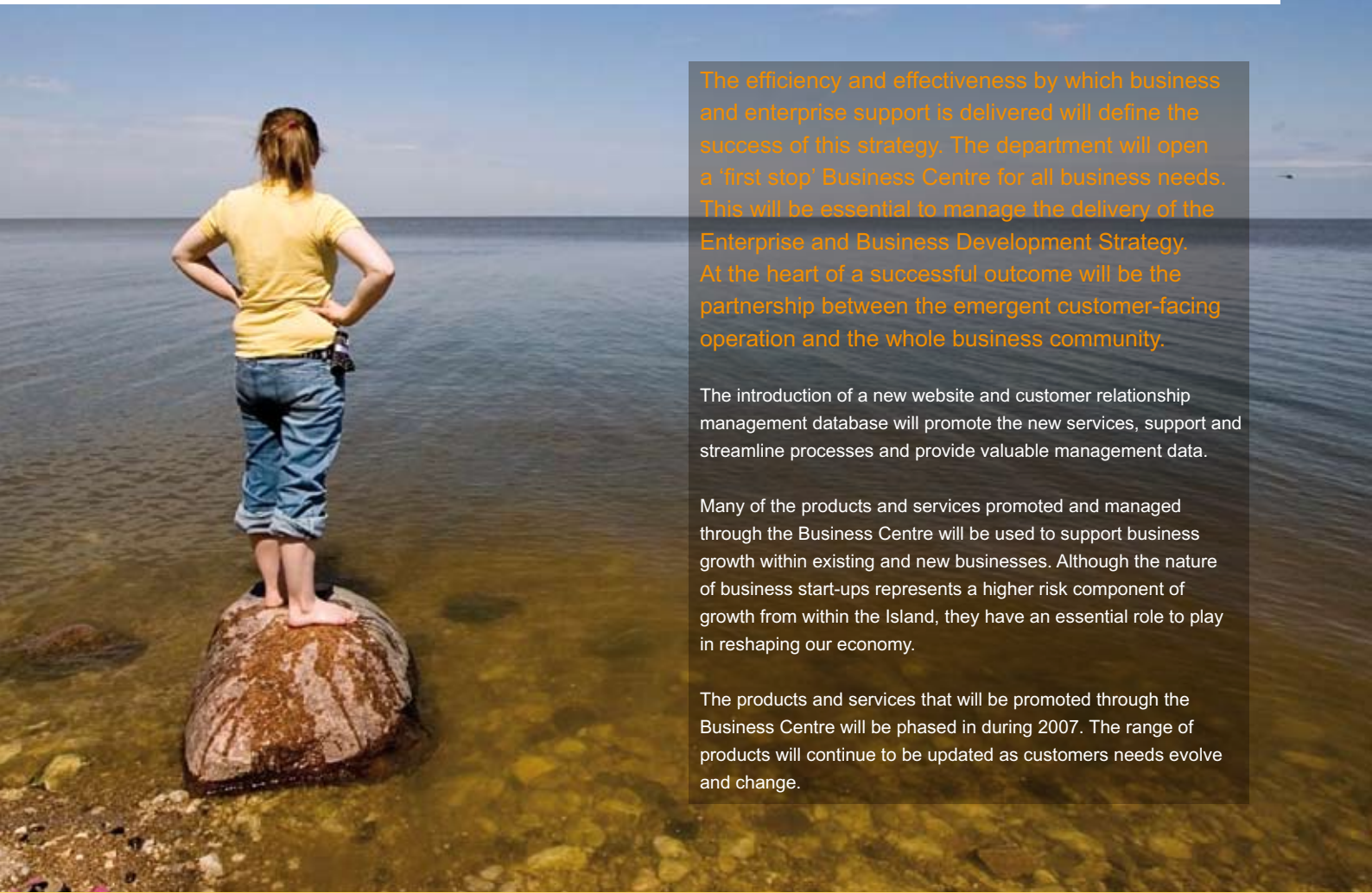
By working with the Department for Education, Sport and Culture, the aim is to develop an enterprise education that will foster:

- creativity, self reliance, a capacity to change, and an ability to generate, recognise and seize opportunities;
- greater understanding of how the workplace operates;
- the ability to demonstrate initiative and look for new opportunities in the work environment;
- a wider appreciation and understanding of the complexity of community, business and industry enterprises;
- the ability to take a greater degree of responsibility for the quality of their work.

In partnership with industry and local training providers, investment in work-related skills programmes will help develop a highly skilled, motivated and flexible workforce. This will improve the productivity and services within the economy, enhance the employability of the local workforce and reduce the demand to import skills from outside Jersey.

¹GVA is a measurement of the output of the economy that includes business profits, wages and salaries plus other employment costs such as social security payments and pensions.

Implementation



The efficiency and effectiveness by which business and enterprise support is delivered will define the success of this strategy. The department will open a 'first stop' Business Centre for all business needs. This will be essential to manage the delivery of the Enterprise and Business Development Strategy. At the heart of a successful outcome will be the partnership between the emergent customer-facing operation and the whole business community.

The introduction of a new website and customer relationship management database will promote the new services, support and streamline processes and provide valuable management data.

Many of the products and services promoted and managed through the Business Centre will be used to support business growth within existing and new businesses. Although the nature of business start-ups represents a higher risk component of growth from within the Island, they have an essential role to play in reshaping our economy.

The products and services that will be promoted through the Business Centre will be phased in during 2007. The range of products will continue to be updated as customers needs evolve and change.

Summary

The opportunities to increase Jersey's economic outputs of the non-financial services sector are yet to be realised. By targeting the Economic Development Department's resources, barriers will be removed resulting in increased on-Island and off-Island business start-ups and growth.

The products and services outlined in the following pages will put Jersey and its businesses on-par with other modern economies; enable local businesses to be more competitive; seize market opportunities and be more efficient both on-and off-Island.

Products and Services

Business Advice

Business advice will be available from experienced advisors and organisations who are prepared to offer professional services. Consideration has been given to the fact that 75% of local businesses employ less than 5 staff and therefore the support will be tailored to meet these needs. Advice will include:

- General business advice
- Ongoing coaching and mentoring for young businesses
- Tailored support, advice and guidance for high growth potential businesses
- Professional information on legal, tax, HR and business planning matters.

Jersey Export Development Initiative

Advice and financial support on export and overseas trade development will be available to all existing and potential businesses. Advice through the Scheme will deliver information and support to new and less experienced exporters. Financial incentives will help local businesses identify, establish and grow export opportunities for Jersey products and services.

Business Incubator

Access to suitable start-up premises, on flexible terms, will be made available to any new undertaking. The incubator, apart from offering low cost premises, will offer shared facilities such as administration support, access to technology and communications, and may lead to the development of new partnerships.

Small Firms Loan Guarantee Scheme (SFLG)

A Small Firms Loan Guarantee Scheme will be introduced to provide the security to any business that has insufficient security to secure a business loan from a local approved bank.

Loans of between £5,000 and £200,000 will be guaranteed by this initiative. The Government guarantee will be up to a maximum of 75% of the total amount borrowed with repayment periods of between 2 and 10 years.

Business to Business Opportunities

This initiative will create opportunities for new and existing businesses to meet buyers and sellers of products and services from both the private and public sector.

Research and Investment into Innovation

Advice and financial support will be available to encourage research and investment into innovative ideas and new technologies. Support will be available to both potential and existing businesses.

Inward Investment Initiative

This market opportunity will focus on two areas: The Jersey "proposition" that can be used to market the Island to potential inward investment projects. The second area is market and sector analysis that will define key target sectors and markets that will provide a good fit for Jersey's offering in the marketplace. In so doing, Jersey will be proactively marketed as a place to do business.





Jersey Business Angels Network

A Jersey Business Angels Network will be established with the aim of developing partnerships between its members and local entrepreneurs. Members will be willing to share their knowledge and experience with young entrepreneurs. Business Angels will also use this as an opportunity to seek out investment opportunities in a local entrepreneur and vice versa.

Venture Capital

Links to venture capital funds, such as the British Venture Capital Association will be established. These funds could be used to support business growth, management buy-outs, investments in innovation and diversification. In exchange for capital injection the business will sell a proportion of its shares to the venture capital organisation.

Jersey Enterprise Awards

This initiative recognises those businesses that have either excelled in business or can demonstrate good training practices. The competition is split into 4 categories: 3 relating to enterprise depending on size and one relating to training; culminating in a gala evening with an overall winner being announced and a motivational speaker present. Being a winner, being short-listed or just entering raises a business' profile within the local business community and potentially attracts new customers/contacts. Business advisers are on hand to assist organisations who wish to enter the competition.

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