

# **STATES OF JERSEY**



## **JERSEY BUSINESS VENTURE: FUTURE ROLE**

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**Lodged au Greffe on 5th September 2011  
by Senator A. Breckon**

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**STATES GREFFE**

## **PROPOSITION**

**THE STATES are asked to decide whether they are of opinion –**

- (a) to express their confidence in the current work, role and responsibilities of the Jersey Business Venture and to agree that the States of Jersey should accept the Jersey Business Venture as the sole independent provider to be supported by the States of all advice and practical support to individuals and businesses seeking to establish and/or develop commercial activities in Jersey;
- (b) to agree that it is appropriate that an annual grant should be made to the Jersey Business Venture from the States of Jersey and that proposals for the grant should be included in each draft Annual Business Plan (or in any equivalent future expenditure plan that replaces the Annual Business Plan process) for approval by the States;
- (c) to request the Minister for Economic Development to request the Jersey Business Venture to produce annual Reports and Accounts to the States no later than the end of April in the following year;
- (d) to agree that the role and functions of Jersey Enterprise should be absorbed into the Jersey Business Venture subject to the approval of the Board of the Jersey Business Venture;
- (e) to request the Minister for Economic Development to take the necessary action to implement the proposals.

SENATOR A. BRECKON

## REPORT

Members may have noticed a rather one-sided Report in the Jersey Evening Post of 25th August 2011; however, it does not tell the full story.

I became aware of the existence of the Jersey Business Venture (JBV) nearly 20 years ago when I was a member of the (then) Trade and Industry Committee, which was a Sub-Committee of the (then) Finance and Economics Committee.

Although the JBV was set up much earlier in the 1980s, as a voluntary initiative it has continued to play an active part in giving independent advice to individuals and businesses who may be seeking to “start-up” or have had some particular issue or problem, such as the use of technology, issues with rules and regulations, GST or ITIS, etc.

I believe that the JBV have provided an excellent value-for-money service for the annual grant they have received and have always punched well above their weight.

The JBV has received a great deal of positive feedback from the clients it has helped and supported over the years.

The Board Members of the JBV have given their time and experience freely and willingly, which I believe has made a valuable contribution to the local economy for around 30 years; their *real life* business experience and acumen has added value to so many others in or about to start a business combined with efforts of the staff of the JBV.

### About Jersey Business Venture

Jersey Business Venture has been established for over 25 years, and since 1994 has received States funding to provide friendly, professional assistance and advice to those already in business, or thinking of setting up a new venture. Operating from a ‘One Stop Shop’ at 33 Gloucester Street, St. Helier, JBV’s services are **confidential, practical, independent** and **free**. Guidance and literature is available on statutory requirements, and they offer impartial objectivity in evaluating the viability of any new venture. JBV work to build long-term relationships with businesses, providing guidance at any stage along the way. With hands-on business experience and access to specialists, they are committed to providing the very best tailor-made support. Clients may ‘walk in’ between the hours of 9.00 a.m. and 5.00 p.m. Monday to Friday, or make an appointment at any time by telephoning 619222.

JBV is a non-profit organisation which receives a grant from the Economic Development Department, but also relies on contributions from sponsors within the business community and benefits from strategic, voluntary input from private sector Board members.

**A JBV office was first opened 17 years ago and (notwithstanding the duplication resulting from Jersey Enterprise (JE) opening a business advice arm in 2008 and targeting many of JBV’s potential clients) the client appointments increased significantly during 2009, and in 2010 remained at similar levels to those of the last 5 years.**

**In his Report for 2009, the Chairman, Mr. Bill Sarre, said this –**

*“With the economic climate for 2010 being somewhat uncertain and the need for prudent restraint being paramount, the JBV is well placed to assist Economic & Business Development (EBD) and the States of Jersey in 2010.*

*Our two strongest attributes are, firstly high quality client support and secondly, excellent value for money. In 2010, these will be needed more than ever.*

*During the past few years, the JBV has gone from strength to strength with the support of EBD. We have now reached a position whereby we can offer a more extended and rounded service to our clients which is very much appreciated and certainly required.*

*The team at the JBV has never been stronger and boasts a particular specialism in financial appraisals. These are often key to assessing a business proposal or indeed to explaining why a venture is experiencing difficulties.*

*With the banking system in a state of flux, we are seeing increasing requests by the banks for high quality business plans and financial appraisals. This is where the JBV is particularly effective. On average, this level of service is required for nearly 40% of our clients which demonstrates the need for qualified and commercially experienced staff.*

*In a small Island, the need for advice independent of government or even the private sector is strong and the JBV carries this off particularly well. Its great reputation is testament to quality of service over the years.*

*Currently, EBD have been tasked with assisting with the stimulus plan in 2010 and JBV will continue to play its part in helping EBD to achieve this. In that regard, I am pleased to report that we have referred 65 clients to EBD for various initiatives and further advice, in addition to EBD contact details being handed out in over 700 packs since the JE office opened in May 2008.*

*As an example of our prudence, our budget has been kept at the same level in 2010, the only difference is our rent which is likely to increase by around £4,000, but other than that, we propose to live within our means and the amount we were provided in 2009. Alas, we do not have control over the rent review, and indeed the increase is reflective of the beneficial deal we originally negotiated, for which the JBV has benefited for three years.*

*We look forward to the challenges that will arise in 2010, and are confident that the JBV model can succeed in meeting them.*

*There is a Board of Management of seven people, who are drawn from banking, accounts retail, legal and the “sharp end” of industry. There is a combination of four part-time staff and board members get involved in an advisors capacity to staff and clients.*

## WHAT WE DO

*At JBV, we offer free, independent, confidential, practical assistance and advice to potential and existing businesses. At all times, we offer a friendly, welcoming, impartial service ensuring our clients feel comfortable to step through our door. Operating from our 'One Stop Shop' at 33 Gloucester Street, St Helier, JBV offers guidance and literature on a wide range of business topics including statutory requirements.*

***During a normal week we are able to offer 25 private appointments from a team of 3 advisers. Over 40% of private appointments also had financial evaluations or cash flow forecast assistance. Utilisation of appointment times is currently running at 82% and interviews at September 09 have increased 66% on last year. Of the clients seen year to date 86% were in the retail, catering, building, cleaning and similar trades with only 14% representing the target market of the new Incubator service to be offered by Jersey Enterprise.***

*Established in 1994, contacts since that time have grown year on year with 782 in 1994 to 1,363 in 1998 and 2,409 in 2008 and an additional 2,603 website hits. We also have ongoing contact with over 1,000 established firms. The contacts in 2008 are made up of 623 clients walking into our office, 319 private appointments, 1,192 phone calls and 275 e-mail enquiries. Of the private appointments 71% were with new ventures and the remaining with clients established for more than a year.*

*The majority of clients we see are in trades such as retailing, hospitality, building, agriculture, hair and beauty, fitness, alternative therapies and cleaning. It is important that these sectors too have access to appropriate assistance and most importantly understand the implications of possibly investing their life savings into a venture.*

*Our independence and size, puts us in a unique position to help those who are cautious about entering States of Jersey premises to discuss their ideas. An impartial 'sounding board' is welcomed by our clients and our office is open from 9 to 5 when clients can call in at any time throughout the day. Additionally, early evening appointments are also available for those clients who need to visit outside business hours.*

*During their initial appointment, clients are talked through the business start up pack and given additional information relevant to their specific type of venture. With increased support on our front desk and assistance with general administration duties, we are now able to offer more private client appointments at this important early stage when clients are considering setting up in business. It allows more time, without interruption, to understand their individual circumstances and proposed business from the outset. This enables us to tailor our advice more effectively, hence providing an overall enhanced level of service. With so many aspects to consider when starting a business in Jersey, we use simple procedures which guide the client through.*

*As previously mentioned, carrying out financial evaluations with the client continues to be a crucial role of JBV as assessing the viability in an impartial and objective manner may mean the difference between a client proceeding or*

*not. This is carried out either at the initial meeting, or clients are encouraged to book a subsequent one hour private appointment to clarify any matters and carry out financial evaluations and 2 hour bookings are held to assist with a business plan and cash flow forecast. With this guidance, clients are able to make an informed decision as to whether their proposal is viable or not. The decision not to pursue setting up a business that is clearly unviable can save a great deal of time, effort, money and heartache for all concerned which can result from the failure of a business; not to mention the drain on Government resources.*

*JBV work to build long-term relationships with businesses, providing guidance at any stage along the way. We operate a follow up process after each client's initial interview to find out how their plans are progressing and offer further support. We have access to a range of specialists through our voluntary Board Members and variety of Sponsors (as detailed on Pages 9-12) and it is our aim to help our clients establish and grow businesses of value not only to themselves but, ultimately, the economy.*

### **CLIENT CONTACTS**

*The level of client contact since the opening of the one-stop shop fifteen years ago has increased year on year, rising from 782 in 1994 to 1,363 in 1998 and as detailed below 2,409 in 2008. During the first 6 months of 2009 appointments have increased 70% on the same period last year.*

	<b>Half Year 2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<i>Initial Interviews</i>	119	167	176	212	298
<i>Subsequent Interviews</i>	116	152	123	170	123
<i>Start Up Pack Consultations</i>	185	388	466	466	432
<i>General Enquiries</i>	811	1,702	1,593	1,334	979
<b>CONTACTS</b>	<b>1,231</b>	<b>2,409</b>	<b>2,358</b>	<b>2,182</b>	<b>1,832</b>
<i>Website visits</i>	1,425	2,603	2,134	2,486	2,591
<i>Newsletters sent</i>	548	289			
<b>TOTAL CONTACTS</b>	<b>3,204</b>	<b>5,301</b>	<b>4,492</b>	<b>4,668</b>	<b>4,423</b>

*With full time staff cover on our front desk, we are able to offer additional appointments for clients in our private meeting room throughout the day, providing an increasingly effective service and enhanced confidentiality which is so important, particularly for early stage business start ups. Client appointments have indeed increased by 70% in the year to date, as you will see from our bi-monthly Update reports previously forwarded to you.*

*An analysis of the cost per client according to our 2010 budget would for example be:-*

*840 Financials, Interviews & Consultations @ £120 each = 100,800  
1600 Enquiries @ £25 each = £40,000*

**TOTAL £140,800**

*This does not include the other benefits such as our website, newsletters, source of information, referrals to EBD, Government Consultation responses from ourselves and our clients and Educational talks to various local students.*

**BUDGET 2010/BUDGET 2009/ACTUAL 2008**

		<b>Budget 2010</b>	<b>Budget 2009</b>	<b>Actual 2008</b>
	<i>Notes</i>			
<b>Income</b>				
States Grant		<b>134,000</b>	130,000	108,000
EDD – Additional Staffing- 6mths				
Sponsorships received		<b>7,000</b>	9,000	8,500
Bank interest		<b>300</b>	1,000	727
Moving Grant		<b>-</b>	6,689	6,689
<b>Total Income</b>		<b>141,300</b>	<b>146,689</b>	<b>123,916</b>
<b>Expenditure</b>				
Administration	1	<b>8,346</b>	6,000	7,137
Salaries		<b>100,242</b>	100,242	84,714
Rent	4	<b>23,376</b>	19,480	19,480
Heat & Light	2	<b>1,878</b>	1,440	1,263
Insurance	1	<b>2,470</b>	1,700	1,717
Advertising and promotion		<b>2,000</b>	4,000	828
Sundry expenses	1	<b>4,249</b>	3,300	5,455
Depreciation	3	<b>-</b>	8,439	8,551
<b>Total Expenditure</b>		<b>142,561</b>	<b>144,601</b>	<b>129,145</b>
<b>Surplus / (Deficit)</b>		<b>(1,261)</b>	<b>(2,088)</b>	<b>(5,229)</b>

*Notes to Accounts:-*

1. *Reflects 5% Increase on 2009 year end projections.*
2. *10% Increase to 2009 projection.*
3. *Items purchased were depreciated in accordance with lease terms.*
4. *Rental Increase – open market review in 2010.”*

The JBV has proved its worth and I believe it should be supported in the future to be this truly independent (but in receipt of a States Grant, presently £130,000 per annum) source of advice and assistance.

My reason for bringing this Proposition is that I have a very real concern that Jersey Enterprise is duplicating the work and role already adequately done by the JBV, and also applying undue pressure because Economic Development hold the purse-strings, the awarding of the annual grant.

I have produced for information some extracts from Business Plans going back to 2007, and to me it all looks pretty much “copy and paste” – more of the same, however, JE’s budget has been between £1.5 – £2.5 million and JBV’s has been around £130,000.

I believe the way forward is for the JBV to be the agent/provider and not Jersey Enterprise.

My Proposition is that the Jersey Business Venture would have a Business Planning process, (as now) a Reporting and Accountability structure (as now) and I believe it would provide the best way forward, with a proven track record and excellent value-for-money, and then the JE can fade away and its role and functions can be subsumed, where appropriate, with the JBV. This is my understanding of how the States can work best in partnership with trade and industry.

In 2010, Jersey Enterprise claims to have supported 2,650 organisations, which they claim has resulted in the creation of 625 new businesses and 1,545 jobs – I believe that these statistics require further evidence, which I am unable to find at the time of writing this Report.

***Extracts from Business Plans:-***

**Economic Development – 2007/2011**

**Service Analysis – Objective and Performance Measures**

<b>Service</b>	<b>Objectives</b>	<b>Performance Measures</b>
Enterprise and Business Development £2,423,900 15.5 FTE	Increase the number of new business start ups in the non financial services sector.  Grow existing businesses.  Update skills strategy.	Numbers of new businesses.  Increased profitability of Jersey businesses.  Project completion.

**Strategic Plan Initiatives**

*1.5.1 Develop* and implement an Enterprise and Business Development Strategy that will:-

- Provide a customer services centre for businesses by 2007 (ED)
- Introduce in 2006 products and programmes to remove the main barrier to enterprise, including establishing a Jersey Business Angel Network, a



Small Firms Loan Guarantee Scheme, an enhanced Business Advice Service, access to venture capital, development of enterprise skills and a business incubator (ED)

- Build strategic partnership between secondary schools and Highlands College, Jersey Business School, Chamber of Commerce, British Venture Capital Association, local financial institutions, professional associations, Jersey Business Angel Network and government departments (ED)

**2008**

### **Minister's Introduction**

The Enterprise and Business Development Strategy will continue to be a key element in achieving our growth targets. The strategy has three aims:

- Increasing the rate of business start ups and growth.
- Development international trade and inward investment.
- Encouraging commitment and investment into work related skills training.

**Aim:**

**Objective 2: New enterprise and companies with high value-added potential developed.**

**Performance/success criteria:**

- (i) The Business and Enterprise Strategy implemented.
- (ii) Increased number of business start-ups with high value-added potential.
- (iii) Increased business success defined by % of start ups still trading after three years.
- (iv) Increased number of high value-added businesses and individual migrating to the Island.

**Strategic Plan Commitment (s):** 1.4, 1.5, 1.6 and 1.7.

Moving on to the 2011 Business Plan, Minister Alan Maclean had this to say –

*The Enterprise and Business Development Strategy, delivered by Jersey Enterprise will continue to be a key element in achieving our growth targets. The strategy has three aims:*

- 1. Increasing the rate of business growth and the number of start-ups and growth through a dedicated team of business advisors. Jersey Enterprise provides funds to Jersey Business Venture to provide certain services in this area. However, in 2011 I hope the two organizations can move to a closer integration of their activities and move towards the development of a single service for enterprise and business development in Jersey.*

2. *Developing international trade development and inward investment across all sectors with additional focus on emerging sectors such as renewable energy (RE) where a group led by the Constable of Grouville has provided an excellent foundation for the development of tidal stream RE in the Island's waters to meet our longer term need for security of supply and sustainability, EDD will be working closely with Constable Murphy's group and the new Energy policy being developed by P&E to exploit the potential development of wind and tidal stream RE during 2011.*
3. *Working with the Skills Executive to encourage commitment and investment into work related skills training.*

**2012**

**Aim:-**

**Summary of Key Objectives and Success Criteria**

**Objective 2: Attract and help to develop new enterprises and companies with high value-added potential**

**Success criteria:**

- (i) Increased number of business start-ups with high value-added potential.
- (ii) Increased business success defined by % of start ups still trading after three years.
- (iii) Increased number of high value-added businesses and individuals migrating to the Island.

**Strategic Plan Priority: 1, 2 and 4.**

Notice how most of the success criteria for 2012 has been "copy and paste" from 2008.

2011 Net Revenue Expenditure			2012 Gross Revenue Expenditure	2012 Income	2012 Net Revenue Expenditure	2012 FTE
+ Depreciation £			DEL £	£	£	
		<b>Enterprise and Business Development</b>				
558,700		Enterprise support	1,064,200	(213,000)	851,200	
1,435,000	*	Investment and Diversification	1,030,100		1,030,100	
<b>1,993,700</b>			<b>2,094,300</b>	<b>(213,000)</b>	<b>1,881,300</b>	

\* Investment & Diversification restated to include Bureau de Jersey grant of £65,000 (2011)

	<b>2011 + Depreciation £</b>	<b>2012 Estimate + Depreciation £</b>	<b>Increase/ (Decrease)</b>
<b>Enterprise and Business Development</b>	1,993,700	1,881,300	(112,400)
<b>Enterprise support</b>	558,700	851,200	292,500
Maximise business opportunities for Jersey companies from in-island collaboration and off-island opportunities.			
Deliver high quality business support products and services to Jersey companies and entrepreneurs, leading to future business and economic growth.			
Develop stronger, more effective links with the Jersey business community, to maximise opportunities for local residents through company start-up support.			
Provide resources, products and services to deliver early stage company start-up support.			
Work with private sector providers and investors to make available a range of 'access to finance' products & services.			

The reduction for Enterprise and Business Development mainly relates to a reduction in business grants in line with CSR savings. There was a slight increase due to the transfer of Bureau de Jersey grant (£65k) transferred from the Tourism budget.

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Looking at the above facts and figures, a few things emerge –

1. It looks as if it's usually “copy and paste” from previous years.
2. The emergence of Jersey Enterprise and its role/functions is not either clear or measurable.
3. Jersey Business Venture offers value for money and an excellent level of service over many years.

### **Financial and manpower implications**

I have no doubt whatever that the Jersey Business Venture can deliver a more efficient service on an “Agency Basis” subject to checks and balances. It is not difficult to see where at least £1 million per year can be saved.

Any reduction in public sector manpower should be handled through appropriate channels.