

Appendix 1

Cromwell Business Survey Results

November 2011

Contents

Introduction.....	4
Survey Sample Overview	4
Results	5
Business Demographics.....	5
Number of employees.....	5
Employment Trends	6
Ownership of business	7
Longevity of business operation in the community	8
Business Feedback.....	9
Advantages of running a business in Cromwell.....	9
Disadvantages of operating a business in Cromwell.....	10
Business outlook over the next 12 months.....	11
Constraints to expanding businesses	14
Improving the Business	15
Business Systems and Sustainability	16
Products or services purchased externally.....	16
Business niche opportunities.....	17
Business skills required.....	18
Possible future intentions	19
Website / Use of Social Media	20
Business in the Cromwell Community.....	21
Most important factor to make the Cromwell community a better place to operate a business.....	21
Other factors.....	21
Need for a local business networking group?	22

Table of figures

Figure 1: Number of full time employees.....	5
Figure 2: Part time employment	6
Figure 3: Expected change in employment levels	6
Figure 4: Ownership of Business	7
Figure 5: Length of time in business.....	8
Figure 6: Advantages of running a business in Cromwell.....	9
Figure 7: Disadvantages of running a business in Cromwell	10
Figure 8: 12 Month Business Outlook	11
Figure 9: Reasons for “Poor” outlook for businesses.....	11
Figure 10: Reasons for “Fair” outlook for businesses	12
Figure 11: Reasons for “Good” outlook for businesses.....	12
Figure 12: Reasons for “Very Good” outlook for businesses	13
Figure 13: Constraints to business in Cromwell	14
Figure 14: Means of improving the business.....	15
Figure 15: Cromwell businesses procurement strategies	16
Figure 16: Reasons for procuring products and services from outside Cromwell	16
Figure 17: Industries / Business / Services that could establish in Cromwell	17
Figure 18: Future staff skills.....	18
Figure 19: Possible future considerations	19
Figure 20: Longevity of those businesses considering selling	19
Figure 21: Business outlook of those businesses considering selling	20
Figure 22: Use of Social Media	20
Figure 23: Most important factors to make Cromwell a better place to operate a business.....	21
Figure 24: Other factors to make the Cromwell community a viable place to operate a business.....	22
Figure 25: Need for a local business networking group.....	22
Figure 26: Focus for Cromwell business networking group	23

Introduction

In November 2011, interviews were carried out with 80 Cromwell located businesses¹. The purpose of this was to help better understand what businesses value and what the prospects, issues and needs are.

These results are summarised and presented here².

Survey Sample Overview

The 80 businesses that were interviewed were selected randomly and form a significant proportion of Cromwell based businesses³. Business owners / managers were asked to characterise their business. A total of 11 different business types were identified. These were:

Business Type	Number of businesses
• Accommodation	15
• Arts Culture and Heritage	3
• Businesses Services	8
• Health and Wellness	2
• Manufacturing and Building	18
• Retail and Distribution	23
• Fruit growing	2
• Tourism	4
• Transport	1
• Wining and Dining	10

¹ Interviews were conducted by Tara Druce of Druce Consulting.

² Please note than answers are summarised and presented as provided to the survey taker.

³ It is estimated that the total number of Cromwell businesses is almost 200.

Results

The following information is an analysis of the information businesses provided when interviewed.

Business Demographics

The first section of results looks at the broad demographics of the Cromwell business community. This covers such things as size, longevity and forecast changes

Number of employees

Businesses were asked how many permanent / FTE staff (including management / owners) were employed.

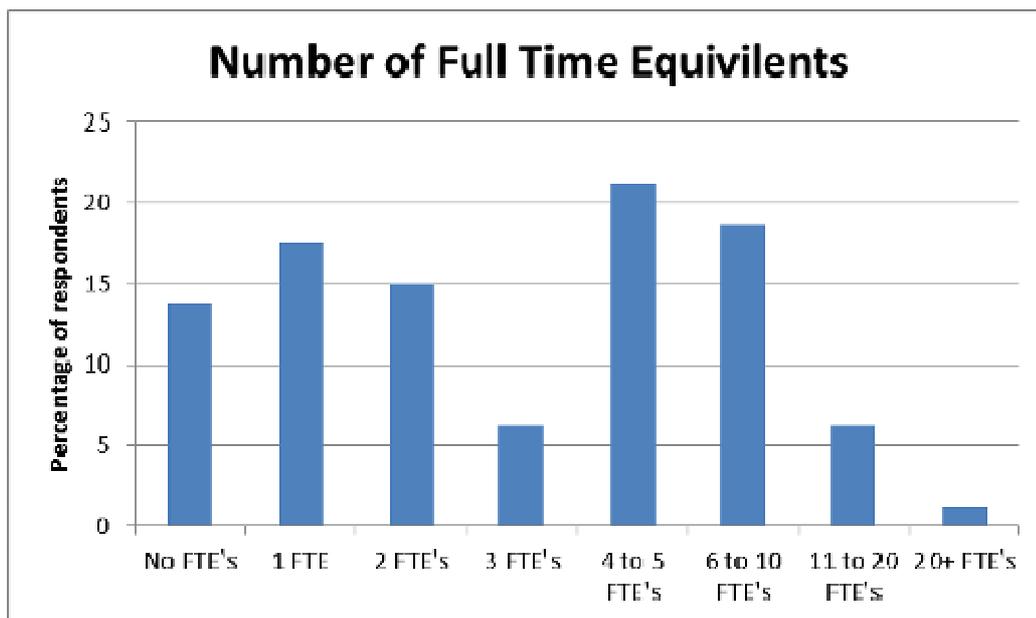


Figure 1: Number of full time employees

The above graph shows that 86% of businesses surveyed employ between 1 or more full time equivalents. In fact, only 14% of businesses were part time.

The graph suggests that most businesses in Cromwell are small businesses with the largest employer of FTE's surveyed only employing 50. This is typical of a town the size of Cromwell.

Businesses also indicated if they employed part-time staff. Almost half of businesses employ PTE's with the majority employing between 1 and 3 part-time employees. Only 3 businesses employ over 20 PTE's. Two of these businesses were orchards who only employ PTE's seasonally.

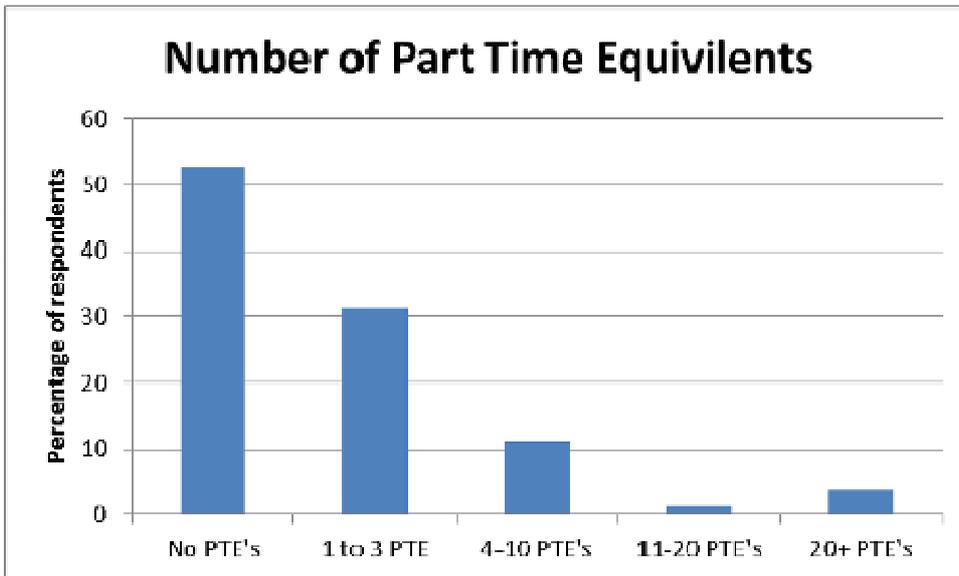


Figure 2: Part time employment

The raw data shows that there are approximately double the amount of people employed part-time than there are employed full-time in Cromwell. This can be explained by the seasonal nature of some large businesses (fruitgrowing).

Employment Trends

Businesses were asked whether they expect any changes in the number of people they employ over the next two years.

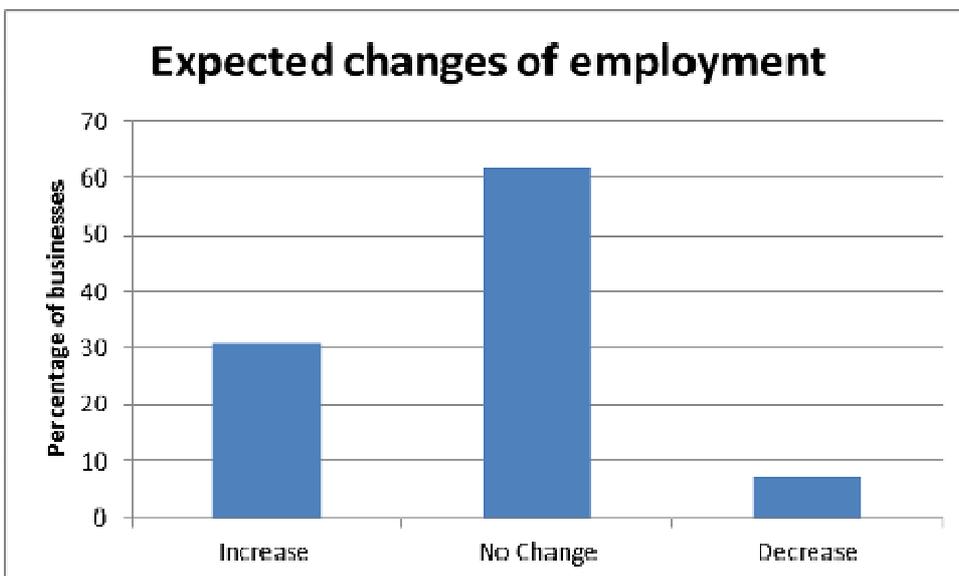


Figure 3: Expected change in employment levels

Almost two thirds of businesses expect to remain the same in terms of employment levels, while a third of businesses expect an increase in employment. Only 7% of businesses expect a decrease in employment levels.

Ownership of business

The next question in the survey related to whether or not the businesses surveyed are locally owned.

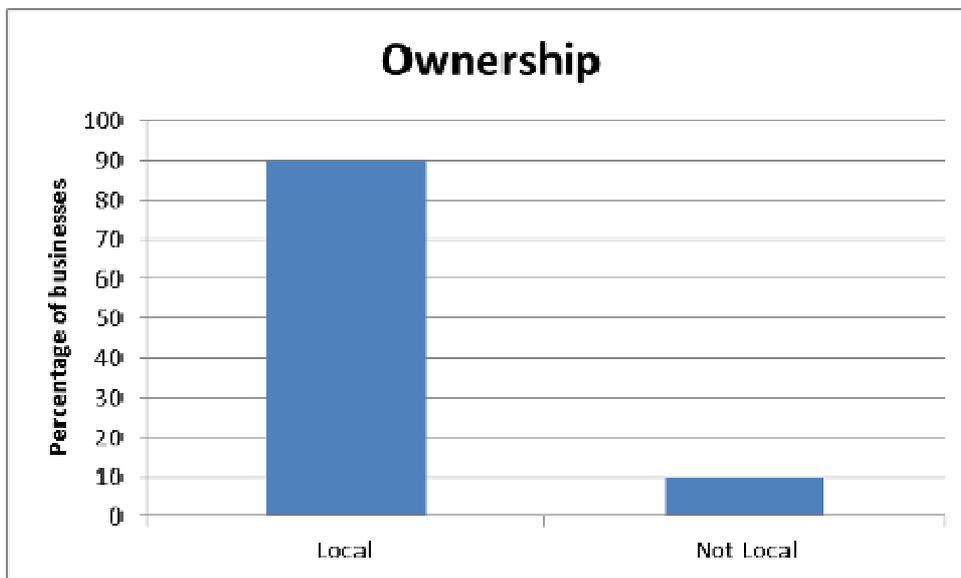


Figure 4: Ownership of Business

Only 8 businesses (10%) were not locally owned.

While this is positive as it demonstrates the self sufficiency of the local business community it is also worth considering that (as a rule) external businesses that have a branch structure are better capitalised than locally owned and operated ones. This means that the local economy may be under-capitalised and not in an ideal position to take advantages of opportunities when they occur.

Longevity of business operation in the community

Businesses were asked how long their business has been operating in this Community.⁴

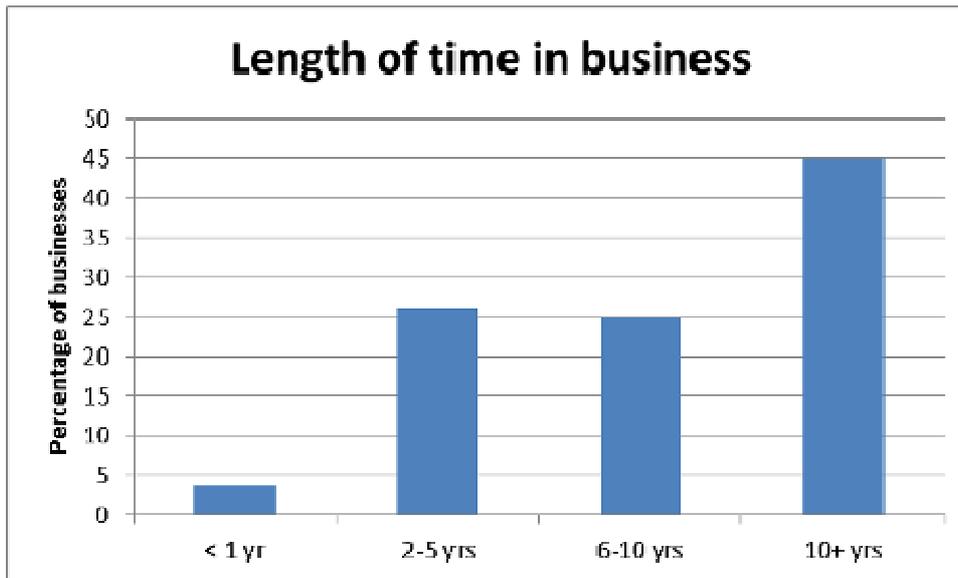


Figure 5: Length of time in business

45% of businesses surveyed indicated that they have been in business for over ten years which suggests that there is a core of well established businesses in Cromwell.

Interestingly, just over half of businesses surveyed (51%) are relatively new being in existence for less than 10 years.

Only 4% of businesses have been in existence less than one year.

⁴ The question asked "how long has YOUR business been operating in this community." This is open to some interpretation, as it may cover the length of the current owners reign or may cover the total length of time the business has been in operation.

Business Feedback

In this section, owners and managers were asked to comment on the business environment including the factors that influence them operating in a small service environment.

Advantages of running a business in Cromwell

Businesses surveyed were asked what they see are the advantages of running a business in Cromwell⁵.

Respondents were not prompted for answers, so the advantages are as per what was in their minds at the time.

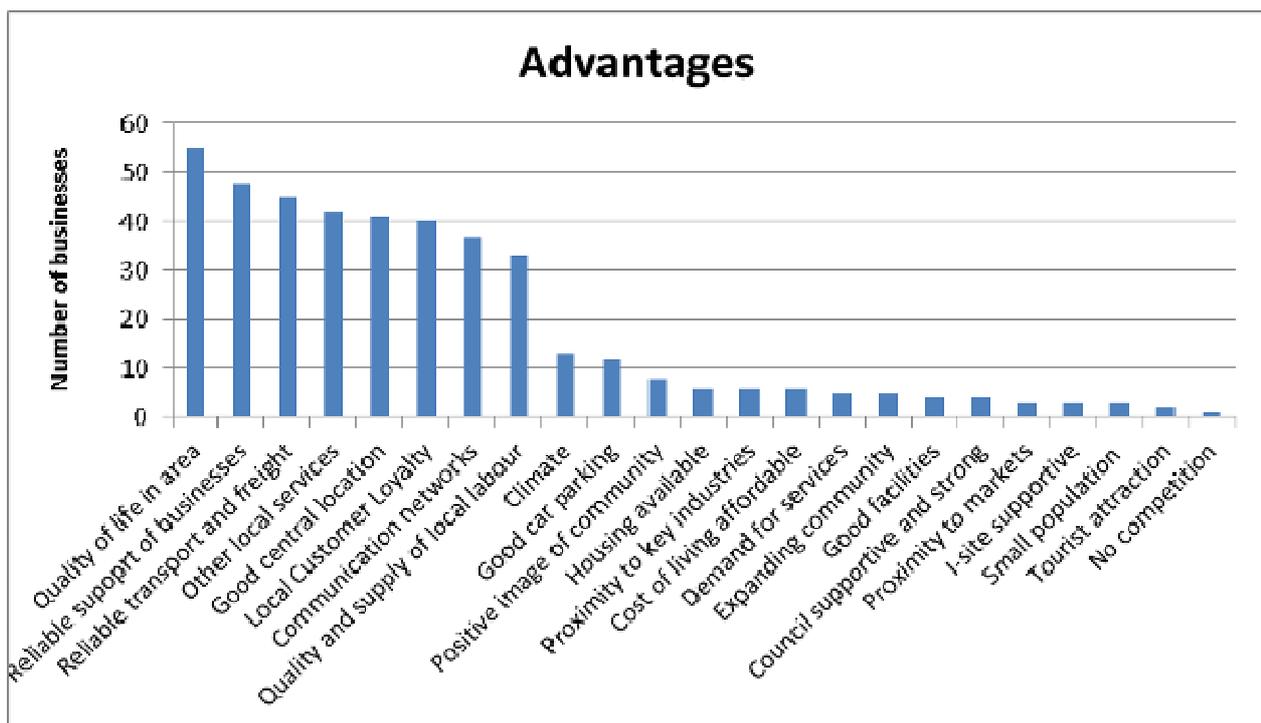


Figure 6: Advantages of running a business in Cromwell

As can be seen from the graph above, the most common answer was quality of life. This was followed closely with reliable support of businesses in the area, reliable transport and freight, good other local services, good central location, local customer loyalty, good communication networks and good quality and supply of local labour.

⁵ While business operators weren't given a list of advantages to tick, they occasionally had to be given some examples of what advantages might look like to get them started. This was done in a generic way to avoid as much as possible feeding them advantages. The same approach was applied to other similar questions (disadvantages, constraints etc...)

Disadvantages of operating a business in Cromwell

Businesses interviewed were asked what the disadvantages of running a business in Cromwell were.

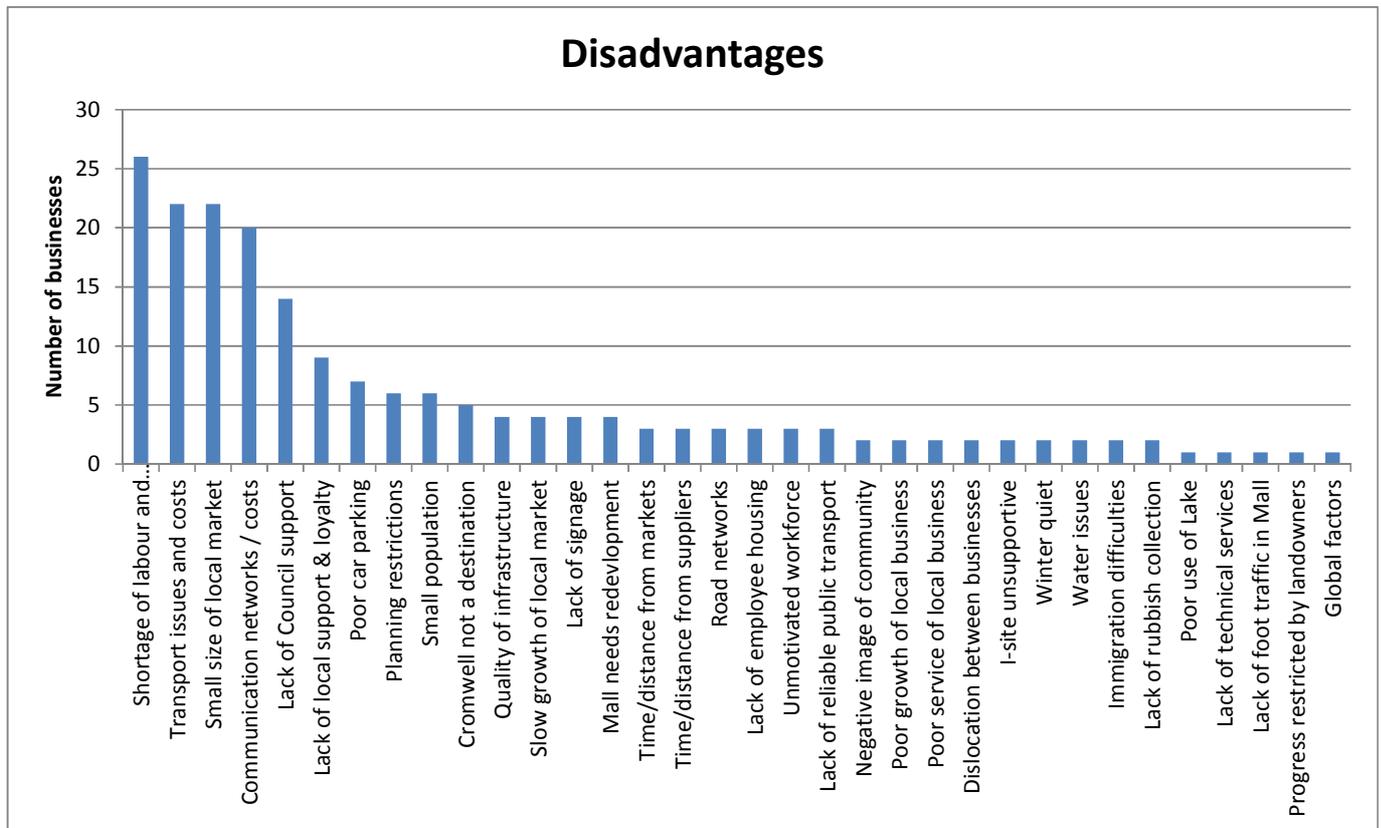


Figure 7: Disadvantages of running a business in Cromwell

As can be seen by the above table, the main perceived disadvantages of running a business in Cromwell is around shortage of skilled labour and professionals, transport and costs, small size of local market and issues around communication.

This is interesting when compared with the advantages of running a business in Cromwell as while over half of businesses interviewed have listed reliable transport and freight as an advantage, over a quarter of businesses indicated that transport delays, damages and costs was a main disadvantage for their business. Also good communication networks was listed as a main advantage to almost half of businesses surveyed where as issues around communication was listed as a main disadvantage to running a business in Cromwell. Most of the comments around communication as a disadvantage related to slow broadband.

Business outlook over the next 12 months

Participants were asked to rate the outlook for their business for the next 12 months.

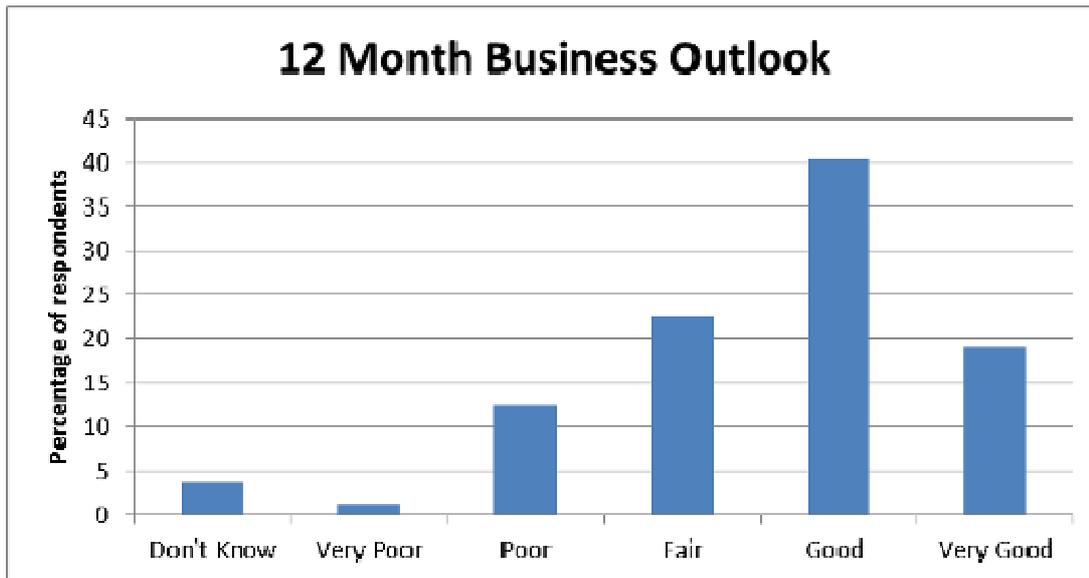


Figure 8: 12 Month Business Outlook

Over half of businesses expressed the belief that the outlook for business activity in Cromwell is “Good” or “Very Good”. Almost a quarter of businesses believed that their outlook is “Fair” where as 14% of businesses believed that the business outlook for the next 12 months is “Very poor” or “Poor”.

Interviewees were asked to explain their answers. The following graphs show the responses by rating:

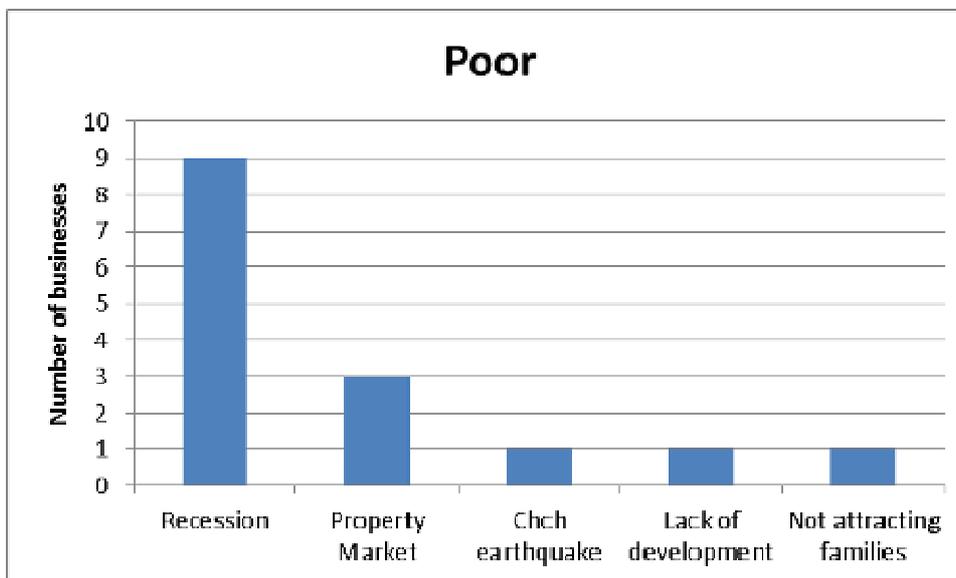


Figure 9: Reasons for “Poor” outlook for businesses

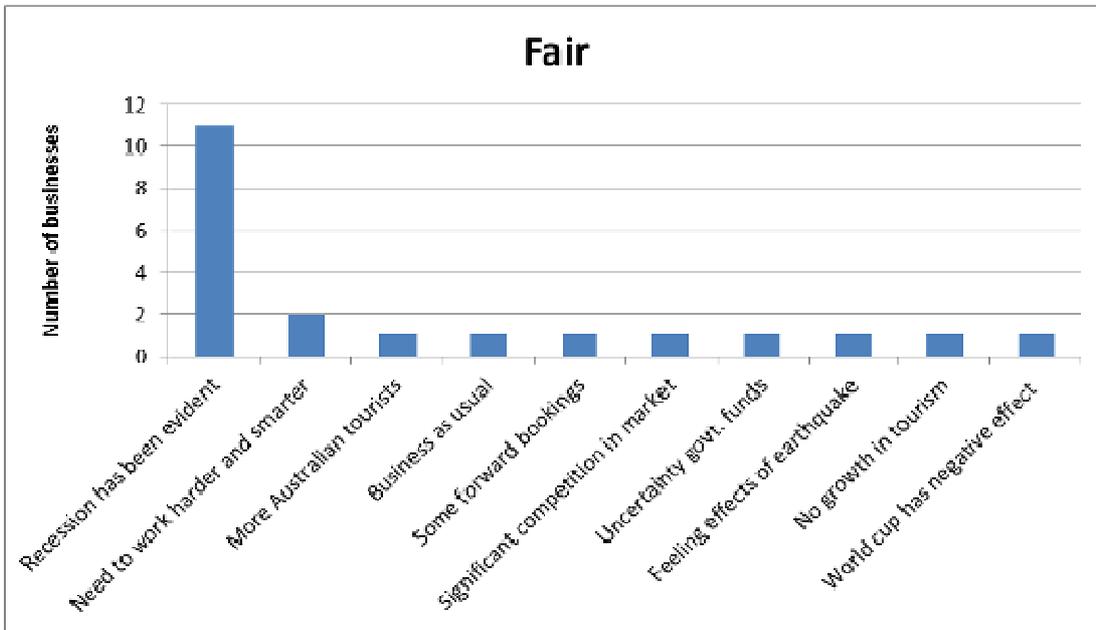


Figure 10: Reasons for “Fair” outlook for businesses

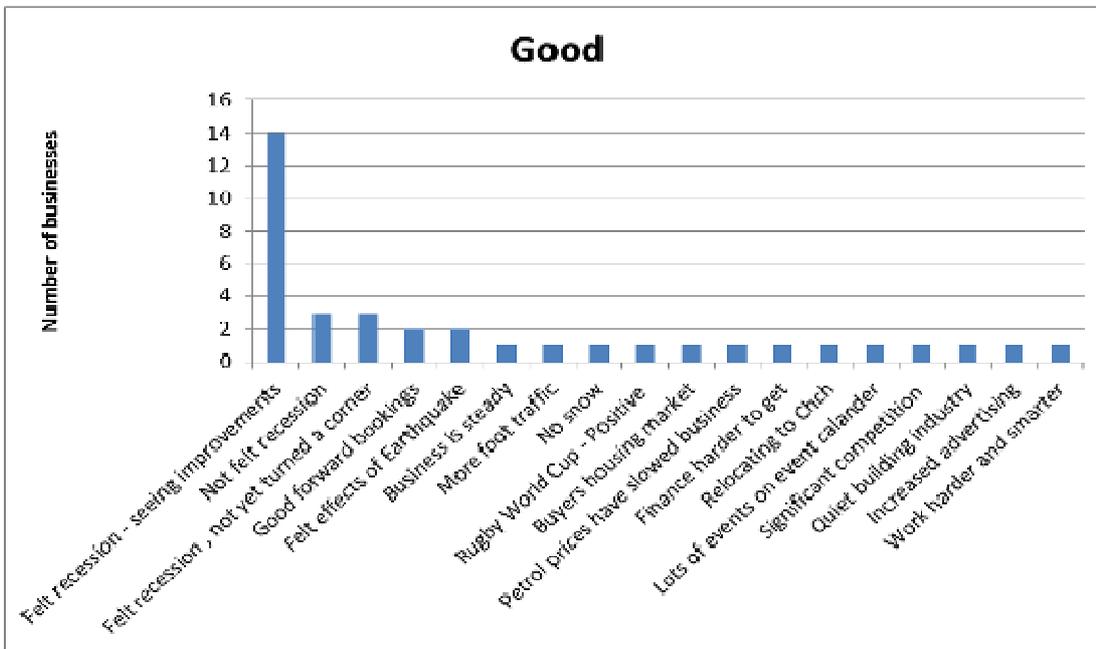


Figure 11: Reasons for “Good” outlook for businesses

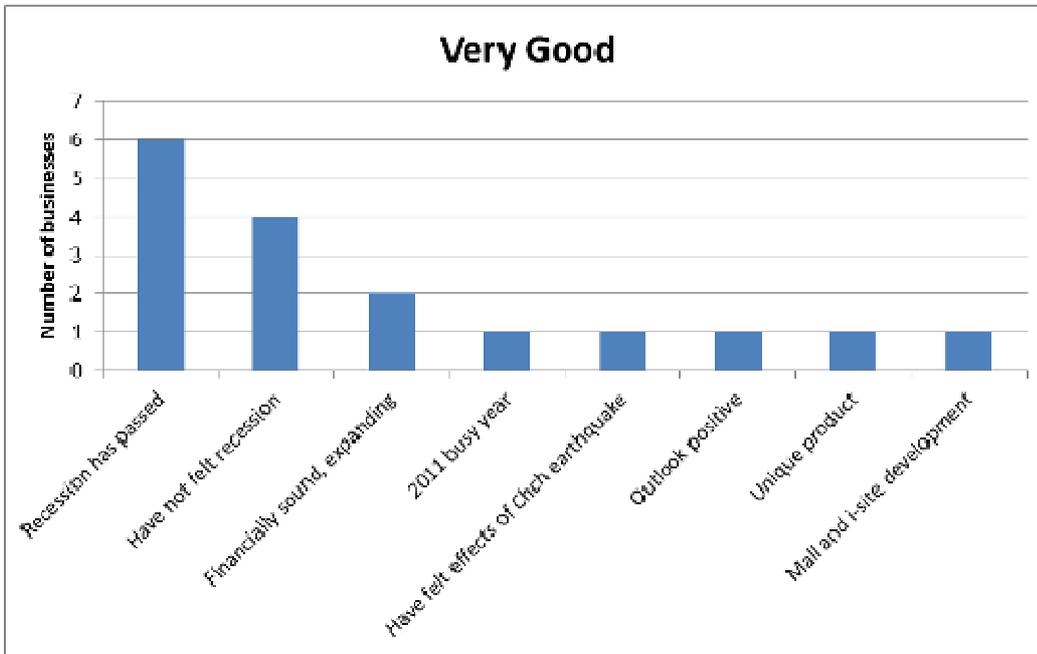


Figure 12: Reasons for “Very Good” outlook for businesses

Most businesses that were surveyed cite the recession as being the main reason for their outlook. Those with a “Poor” and “Fair” rating have indicated that they are still in the recession and don’t see business improving within the next 12 months and those with a “Good” and “Very Good” rating have indicated that they have felt the recession but business is now improving.

Constraints to expanding businesses

Businesses were asked to comment on what constraints they saw to expanding their businesses.

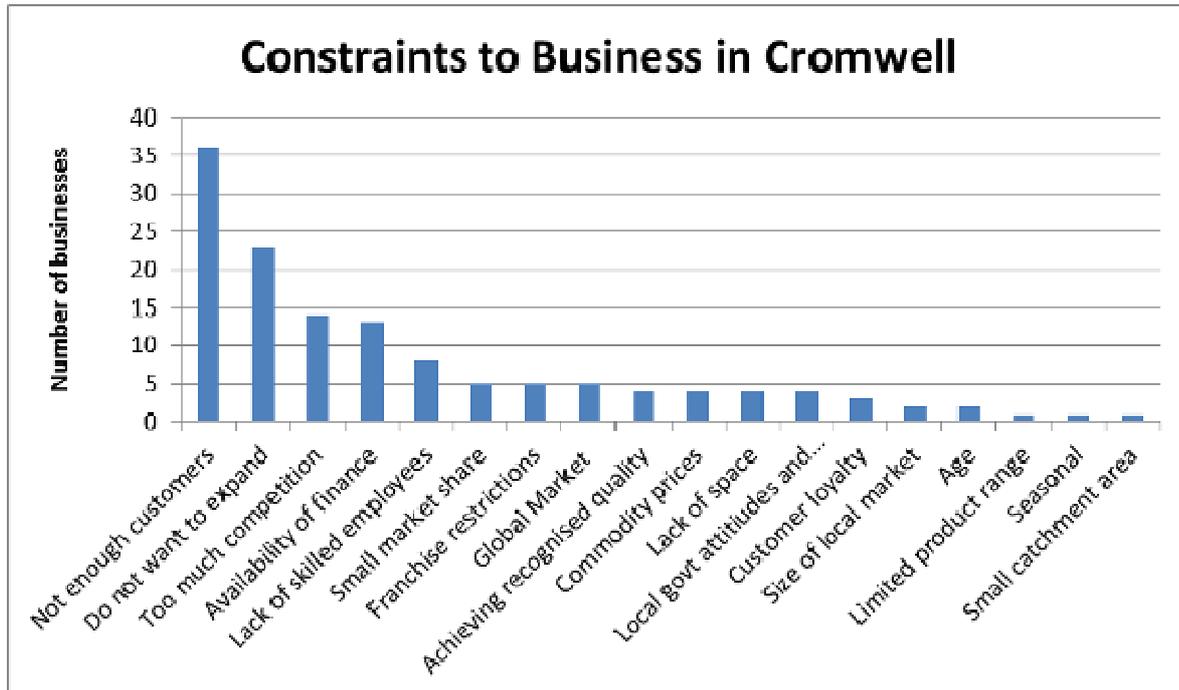


Figure 13: Constraints to business in Cromwell

The most common constraint to expanding businesses in Cromwell was that there are not enough customers. This is on a par with earlier responses in relation to one of the main disadvantages of running a business in Cromwell being the small size of the local market. Many businesses are happy as they are and do not want to expand.

Too much competition and lack of available finance were also mentioned as being main reasons for not expanding. It is interesting to note that most of the businesses who cited too much competition as a constraint came from the trade and manufacturing and building sectors.

Improving the Business

The next question asked businesses what things they considered the most useful in helping the business to improve its performance over the next 12 months.

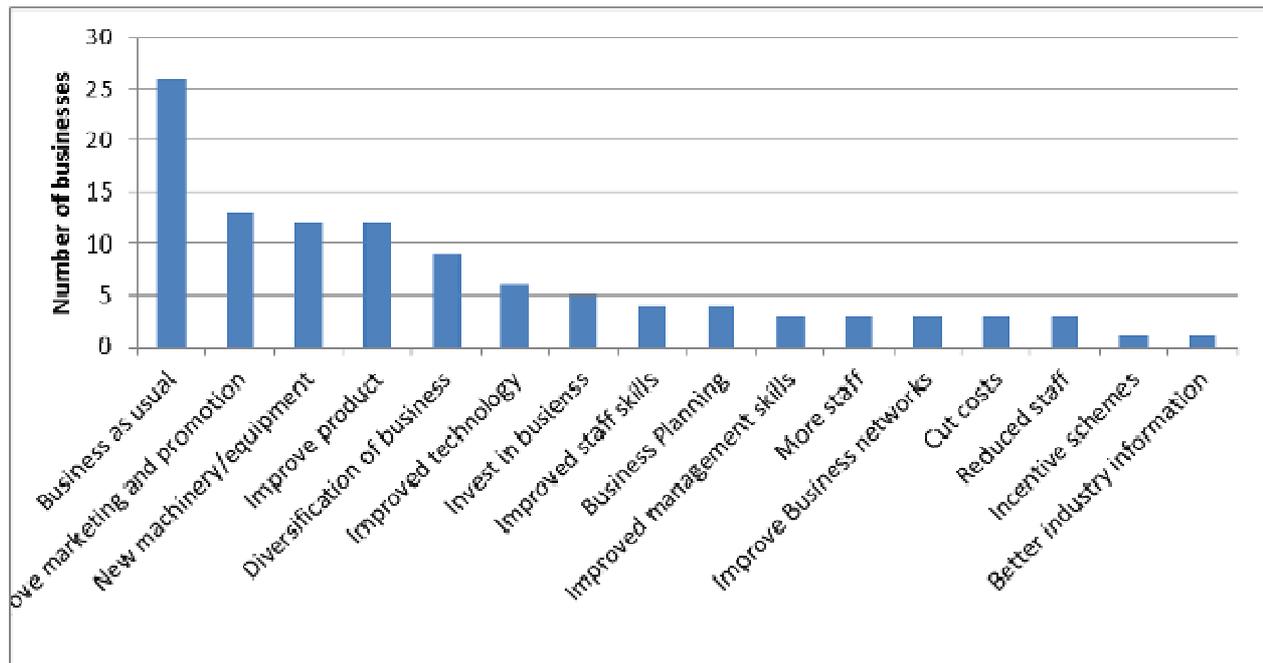


Figure 14: Means of improving the business

A third of businesses surveyed indicated that for them, it will be business as usual over the next 12 months and that they were not planning any changes.

For those businesses planning on improving performance, the most useful tools cited were improving marketing and advertising, investing in new equipment and machinery and improving product.

Business Systems and Sustainability

In this section business owners / operators were asked a range of questions that speak to their business processes as well as their intentions. Sustainability looks not only at individual businesses but also at the Cromwell business and residential community and its needs.

Products or services purchased externally

Businesses were then asked what services or products they purchased from outside the immediate community. Furthermore they were asked to explain what the drivers for this were. Almost all businesses who indicated that they sourced some of their products and services locally also indicated that they had to source the vast bulk of their products from outside.

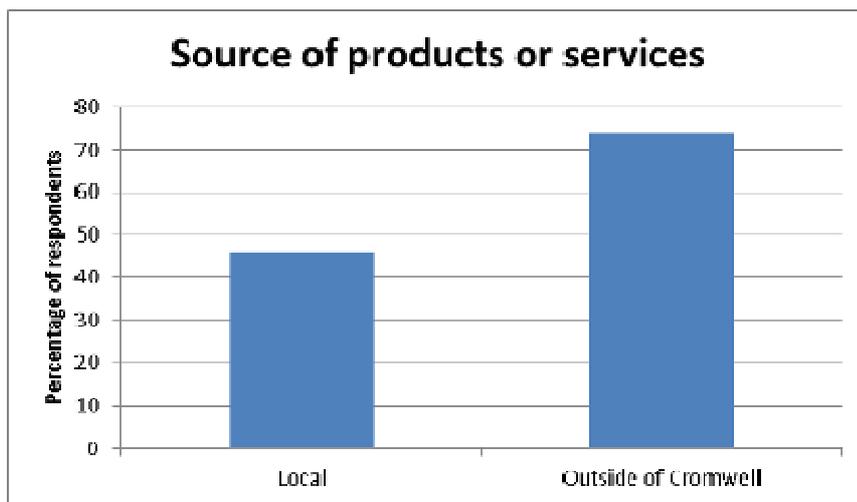


Figure 15: Cromwell businesses procurement strategies

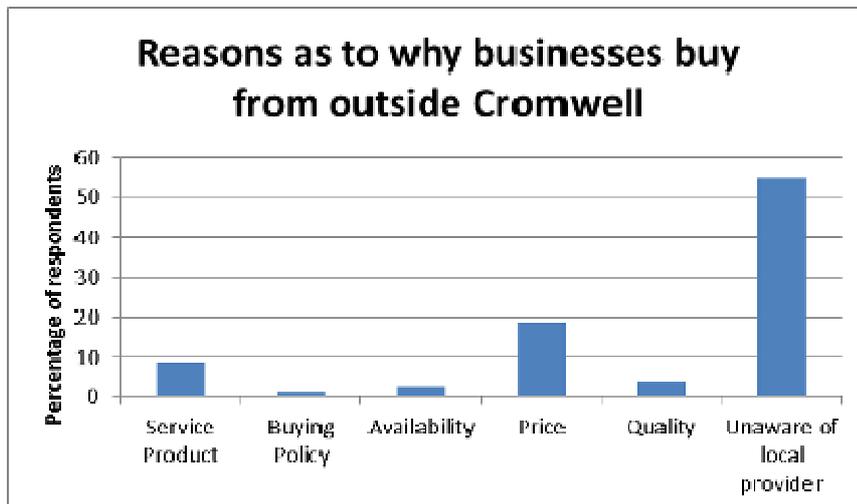


Figure 16: Reasons for procuring products and services from outside Cromwell

As can be seen, most businesses buy from outside due to the fact that there is no local provider.

Business niche opportunities

Respondents were asked if they considered that there were any industries / business / services which could successfully locate in Cromwell.

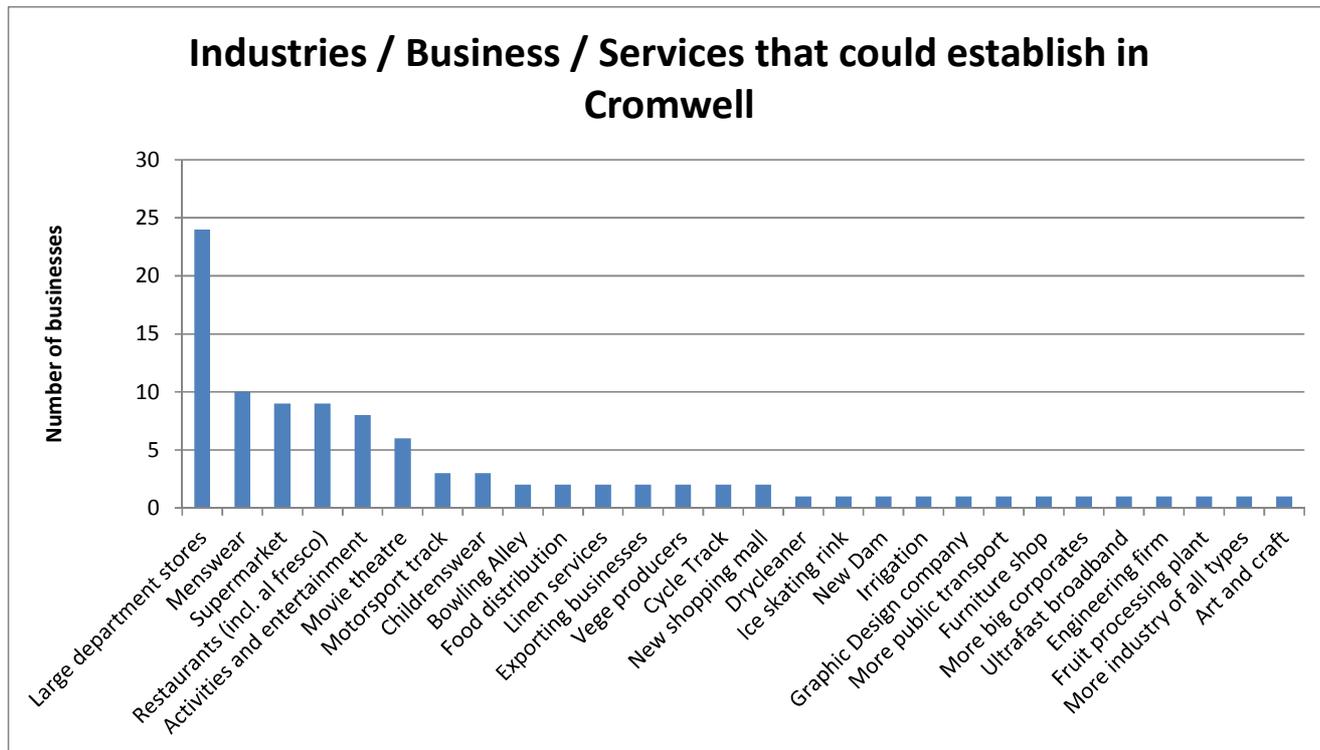


Figure 17: Industries / Business / Services that could establish in Cromwell

As can be seen, the proposals mainly relate to shopping, dining out and entertainment opportunities. Not enough places to shop and not enough fun things to do are seen as the typical disadvantages of living in a small town so it is not surprising that these proposals were the most common.

It is interesting to note that businesses cited “quality of life” as the main advantage of operating a business in Cromwell so even though there seems to be a desire for the above recreational activities, people also seem to be happy with what Cromwell has to offer.

Business skills required

Businesses were asked what skills they would be looking for if they were taking on any new staff in the future.

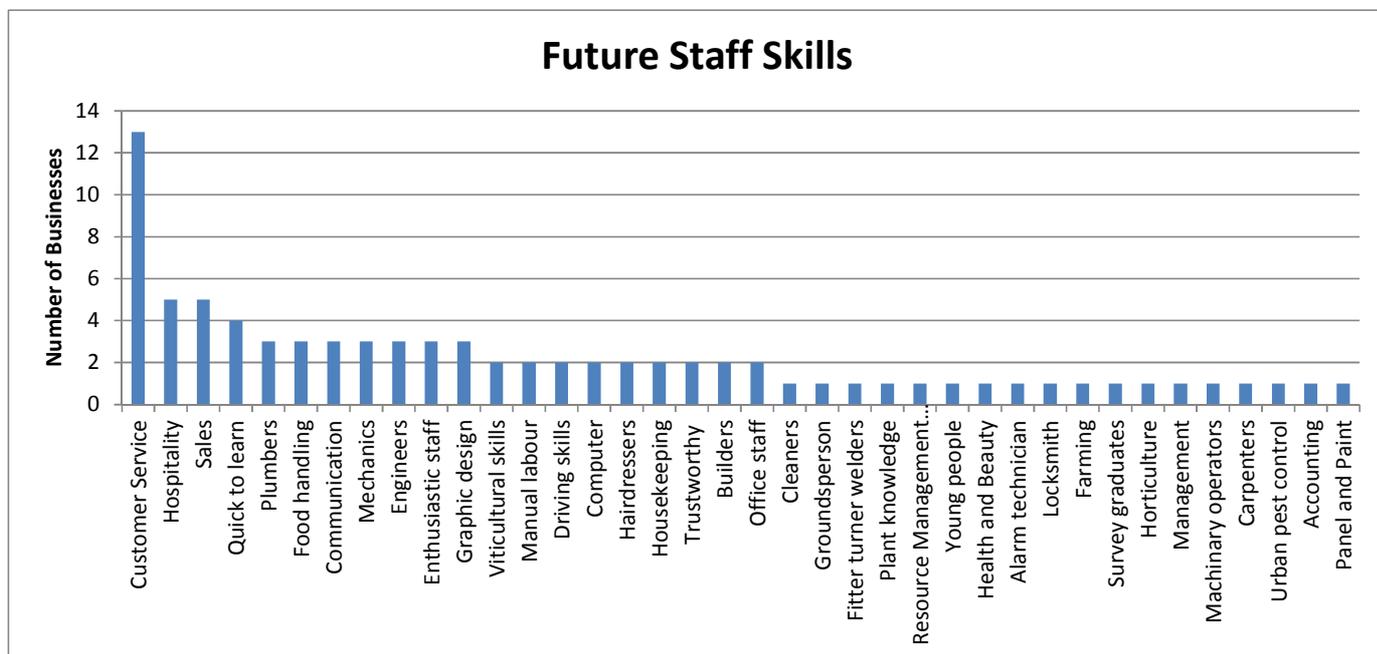


Figure 18: Future staff skills

It is interesting that the skills identified are “blue collar” in nature. There is only one business to which managerial or “white collar” skills are expected to be needed. This suggests that the Cromwell business community collectively expects to continue as “business as usual”, with no expansions expected to create the need for business management.

This is consistent with the earlier information given when asking businesses what the constraints were to expanding. Many businesses indicated that they had no plans to expand.

Customer Service skills was seen as the main skill that they would be looking for when taking on new staff.

Possible future intentions

In this series of three questions Business owners and managers were asked if they had ever considered major moves for their businesses, specifically moving, selling or closing.

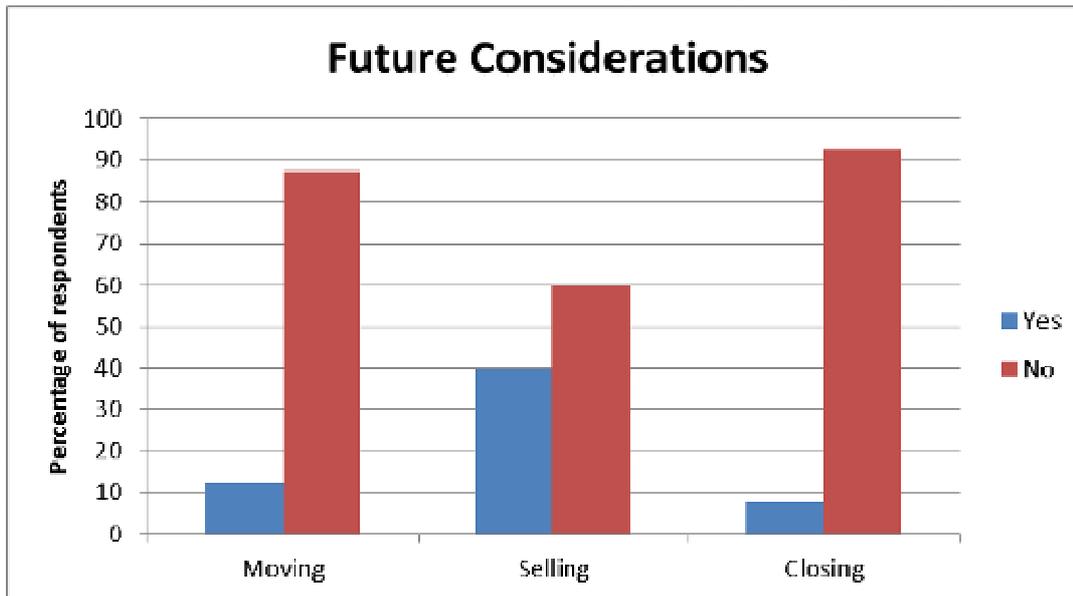


Figure 19: Possible future considerations

As can be seen, not many businesses in Cromwell have considered moving or closing. However, 40% of businesses have considered selling their businesses.

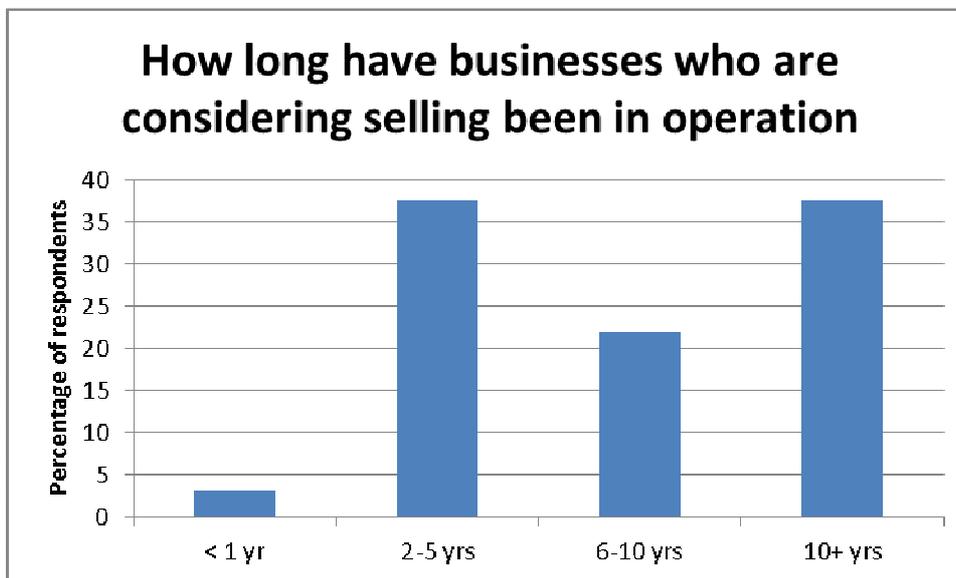


Figure 20: Longevity of those businesses considering selling

Interestingly, relatively new businesses (2-5 years in operation) or businesses who have been in operation for over ten years are the main businesses who are considering selling.



Figure 21: Business outlook of those businesses considering selling

Of the businesses who have considered selling over the next 12 months, their outlook is mainly fair to very good. This suggests that the reasons for selling go beyond 'tough economic times'. Based on the longevity of business operations, those who have been in operation for over 10 years could be considering selling as they may be nearing retirement age, the market may be changing or they may simply like to cash up. For those who have been in operation for between 2-5 years they may simply be looking for a new challenge.

Website / Use of Social Media

Businesses were asked what social media they used to promote or profile their business.

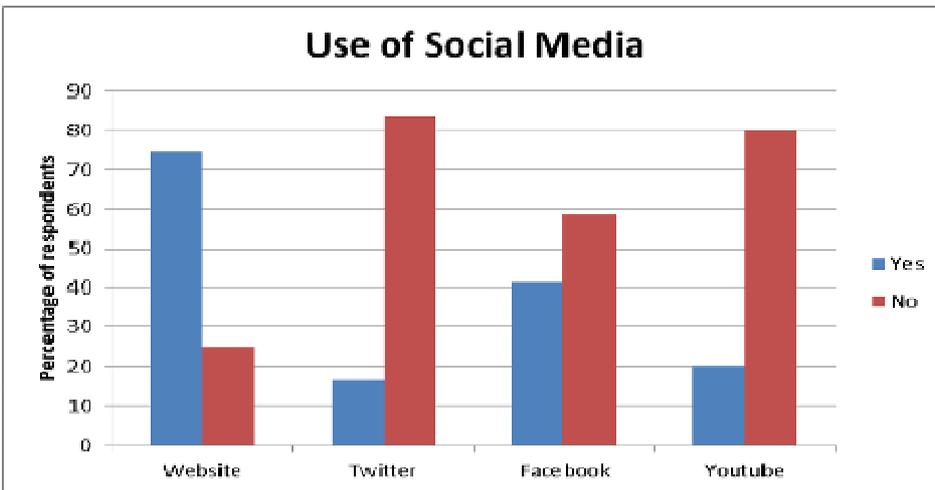


Figure 22: Use of Social Media

Websites are a common business promotional and marketing tool among businesses surveyed. Nearly half of businesses surveyed are also using Facebook as another way to profile their businesses. Twitter and Youtube are not used as much by businesses.

Business in the Cromwell Community

In the final section of the survey the Cromwell business owners and managers were asked questions relating to the strength of the Cromwell business community.

Most important factor to make the Cromwell community a better place to operate a business

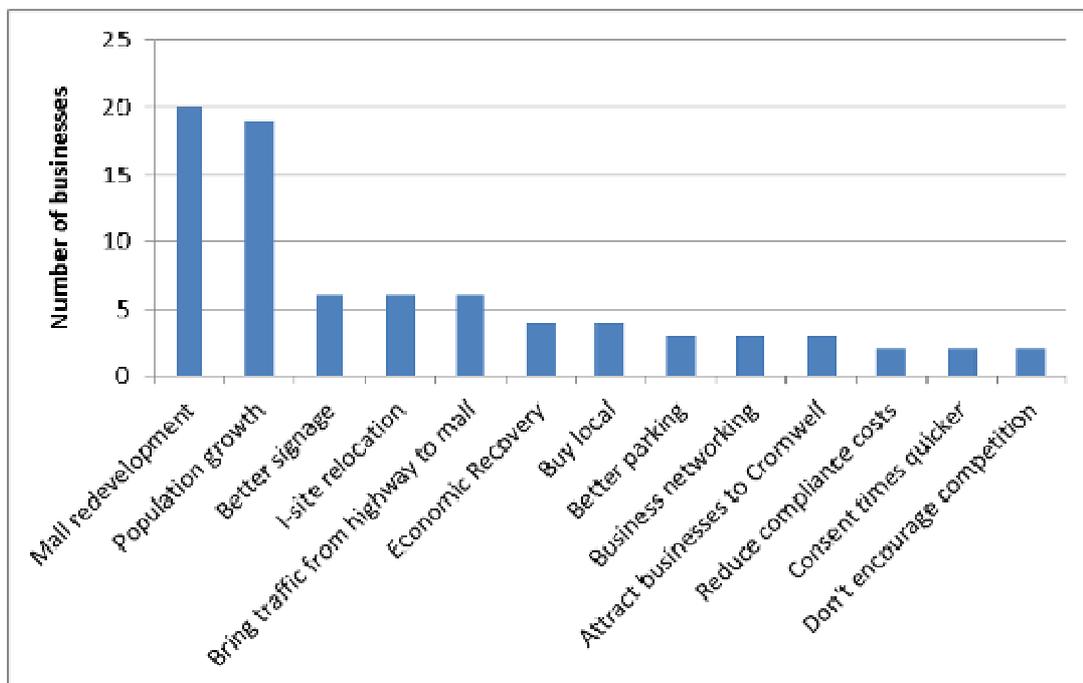


Figure 23: Most important factors to make Cromwell a better place to operate a business.

As can be seen, redevelopment of the mall is seen as the most important factor. Population growth is the second most important factor and better signage, i-site relocation and redirecting traffic from the highway into the town were the next most cited factors.

Businesses also mentioned the following. These factors were only mentioned once. Central Location; Clutha River health; Abolish water pricing; Can not compost all waste; Reduce bureaucracy; Better public transport; Keeping businesses open; Attract Warehouse; Cromwell become destination; Evening dining; Another supermarket; Affordability; More activities; CODC promote region as wine destination; Cheaper rents for leases; Staff training; Market Cromwell; Promote Old Cromwell; Business investment; Lower freight costs; Attract people in winter; Attract suppliers; Hold events all year; More industries; Movie Theatre; More up market accommodation; More toilets; Attract domestic tourism; Leave info centre in mall

Other factors

Interviewees were asked, having given their most important factors, to list any other factors that will ensure the ongoing viability of the Cromwell business community.

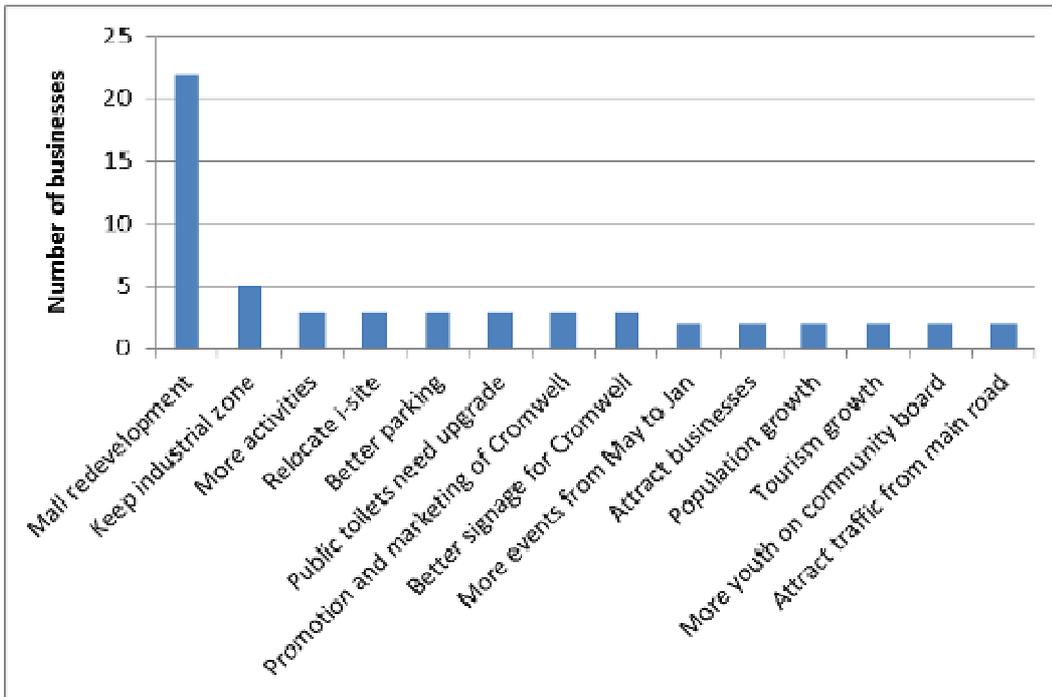


Figure 24: Other factors to make the Cromwell community a viable place to operate a business

Need for a local business networking group?

The interviewees were asked if they believed there was merit in establishing a local business group.

There are a number of existing business groups in Cromwell already to which 30% of businesses indicated that they were part of. These business groups range from the business networking breakfast group, Otago chamber of commerce to more specific groups that relate to a particular sector (eg motel network).

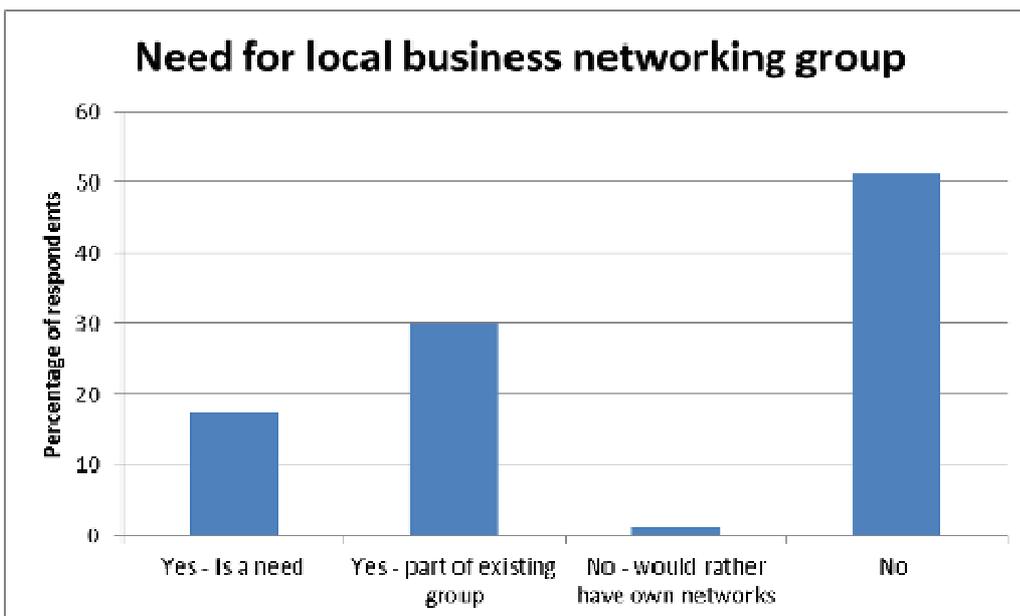


Figure 25: Need for a local business networking group

The question then went on to ask what the focus of this group should be. The suggestions are listed below:

What should be the focus
A B&B networking group would be helpful
A tradesperson business group could be useful to share ideas
Needs networking between businesses
An over-arching business networking group - focus on common interests.
Need to have better communication between businesses re events.
Wineries networking- marketing up
A wide based group to work towards a broader vision
Discussions on what can be done to improve business. Joint initiatives.

Figure 26: Focus for Cromwell business networking group