

Raymond Terrace and Heatherbrae Business Retention and Expansion Survey Results

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EXECUTIVE SUMMARY

Port Stephens Council is developing a Raymond Terrace and Heatherbrae Strategy, the aim of the Strategy is to provide for the orderly growth of Raymond Terrace and Heatherbrae with a focus on identifying and enhancing opportunities for economic development as a Regional Centre.

A Business Retention and Expansion (BRE) Survey for Raymond Terrace and Heatherbrae business been completed in the commercial and industrial zoned areas.

The information gathered within the survey will provide Council with an understanding of local business needs, concerns and opportunities.

The Raymond Terrace and Heatherbrae BRE Survey gathered responses from 84 businesses in November and December 2012. The survey covered the areas of; general business information, sales, marketing and product development information, workforce and training information, infrastructure and regulatory issues and future plans.

This report provides a direction that the Port Stephens region can take to strengthen existing businesses in Raymond Terrace and Heatherbrae.

Results have shown that the majority of respondents are positive about doing business in the area and the majority say business is going well, businesses also rated business climate factors relatively well.

The BRE survey found:

Business Profile

- Raymond Terrace and Heatherbrae business interests are diverse; however significant survey representation from retailing highlights the importance of that sector in the local community.

- 68% of survey respondents had the main office in Raymond Terrace and Heatherbrae, with 62% survey respondents selling elsewhere in New South Wales and over a quarter selling out-of-state.
- Almost a third of survey respondents were very satisfied with their location and 75% are either completely or somewhat satisfied with their current location.
- Reflective of an established community, 77% of businesses started over ten years ago.
- Nearly 70% of survey respondents indicated that they currently have a business plan.
- Over 70% of survey respondents had an up-to-date marketing plan in place.
- Almost 60% of survey respondents had a succession plan in place.

Business Climate

- The top 5 rated infrastructure and service areas were; fixed phone service, mobile phone coverage, access to market and customers, energy availability and availability and speed of internet.
- Satisfaction was generally high across the high importance ranking services and infrastructure areas; however significant gaps between importance and satisfaction exist in four services/infrastructure areas; internet availability and speed, appearance of the immediate area, availability of skilled labour and attitude of available labour.
- 30% of survey respondents noted that in the past three years the growth of their company had been impeded because of government regulations and/or administrative policies.
- Almost 40% of the survey respondents had low satisfaction with the skatepark in Raymond Terrace. Over a quarter of survey respondents had low satisfaction with;

Raymond Terrace & Heatherbrae Business Retention and Expansion Survey Results,

public transport links, cycleways, aged day care facilities and access to TAFE (related to distance and access via public transport).

- When asked about awareness of business networking organisations in the area (Raymond Terrace Business Association - RTBA) 52% of survey respondents said yes and 48% said no.
- A significant amount of constructive feedback was given on issues and possible improvement/support areas in Raymond Terrace and Heatherbrae. These were grouped into four areas; promotion and profiling, business environment and development, foreshore/riverfront development and council services.

Workforce and Training

- Almost 80% of survey respondents noted they had no difficulty retaining employees once secured.
- 52% of survey respondents said they were experiencing difficulties in finding suitable employees for their business.
- Just under a third of survey respondents employed trainees or apprentices, when asked about developing stronger links and partnerships between businesses and schools 27% of respondents were interested or very interested to do so.
- Almost a quarter of survey respondents expected employee numbers to increase in the next two years.

Future Plans

- Almost 60% of Raymond Terrace and Heatherbrae survey respondents anticipate increased demand for their products and services in the next two years.
- Over 50% of Raymond Terrace and Heatherbrae survey respondents expect to increase turnover, and 57% expect to increase profit in the next two years.

- One third of Raymond Terrace and Heatherbrae survey respondents are considering expansion in the next two years.
- When asked to choose the one most significant barrier to expansion 25% of survey respondents said access to finance and capital.
- When asked what factors would be key to business growth and development in the next 3 years improved customer service and maintaining a quality of life were the two most important factors followed by market development and improved productivity.
- 94% of survey respondents have no plans to relocate their business within the next two years. Of those that are looking to relocate 80% (4 businesses) say it will be in the Raymond Terrace and Heatherbrae area.
- 97% of survey respondents have no plans to close their business within the next two years.
- When asked what new business(es) or services would you like to see added to this community the overall response was more business offerings to fill gaps, a number of options were offered.
- Target was mentioned a number of times as a potential new business as was a new shoe store and a new supermarket. A large number of survey respondents also identified the need for more choices in food and more medical services with easier access.

BACKGROUND

Port Stephens Council is developing a Raymond Terrace and Heatherbrae Strategy, the aim of the Strategy is to provide for the orderly growth of Raymond Terrace and Heatherbrae with a focus on identifying and enhancing opportunities for economic development as a Regional Centre.

The project's objectives are:

- a) To establish a vision with the community and provide clear strategic direction for the orderly growth of Raymond Terrace and Heatherbrae.
- b) To identify constraints and opportunities for growth including appropriate land use zones to facilitate development.
- c) To identify strategies and recommendations that assist in promoting Raymond Terrace and Heatherbrae as a competitive Lower Hunter Regional Centre of social and economic activity.

The focus of the Strategy is the commercial and industrial zoned area of Raymond Terrace and the Heatherbrae industrial area, and immediate surroundings. The Strategy will also be developed in the context of the wider Raymond Terrace and Heatherbrae areas and will examine issues in that wider area with relevance to the development of the focus area.

The Strategy comprises three distinct stages:

1. The development of a background paper and discussion paper that draw together existing studies, information and research on the area, and identify major issues. During this stage significant information gaps are to be filled. A gap in adequate information about local businesses was identified and this BRE survey was undertaken to provide this information.

A discussion paper summarises the findings of the Background Paper and highlights important issues and possible responses for community consultation and discussion.

2. Wide ranging community consultation including schools, local businesses, general community members and specific groups. The aim of the consultation stage is to gather community responses to the discussion paper and to stimulate community thinking about the future nature of the Raymond Terrace Town Centre and Heatherbrae.
3. Development of a Strategy for the future community and economic development of the Raymond Terrace Town Centre and Heatherbrae. The Strategy will include analysis of community responses received during the consultation stage as well as further analysis of research about the area. The Strategy will be long term and practical, with a blend of short term low cost improvements as well as long term investments.

The information gathered within this survey will provide Council with an understanding of local business needs, concerns and opportunities.

SURVEY OBJECTIVES

An overall objective of the business retention and expansion programme is related to the process itself. By participating in the program, business owners are provided an opportunity to have their opinions listened to and passed on to local agencies and councils in an aggregated confidential manner. It is a positive step for local government toward understanding the implications of their policies for this very important segment of the community. The underlying goal is to be responsive to business needs. Specific objectives include:

1. Gain an understanding of the business community's view of the local economy.
2. Determine future business plans of companies (i.e. expansion and relocation), and then set up an early warning system for local action.
3. Acquaint business leaders with assistance available through various economic development programmes.
4. Identify training and technical assistance needs.
5. Improve communications bridge between local government and the business community; and
6. Identify specific concerns and problems of local businesses, and provide effective solutions.

METHODOLOGY

Port Stephens Council developed a comprehensive Business Retention and Expansion (BRE) survey using a modified NSW Trade and Investment NSW.

The survey was administered by visiting each business premise within the study area and requesting that a senior administrative or managerial staff member complete the survey form. A return visit was made some seven days later to collect the completed survey form.

When survey forms had not been completed, the business was requested to mail or email the completed form to the consultants. Where a survey form had not been completed because it had been misplaced, a new questionnaire was issued, together with a request that the completed questionnaire be sent to the consultants.

In addition, ten businesses were interviewed individually to gain a more in depth understanding of business needs.

The survey was undertaken in November and December 2012, and completed forms were received by mail until late January 2013.

It was decided not to mail or email the survey form to businesses for a number of reasons including:

- The absence of a database of all businesses in the area
- The difficulty of communicating with many businesses to build awareness of the survey, due to their diverse nature and interests
- A more personal approach had the potential to increase the response rate, particularly the personal collection of completed forms.

Survey questions covered the areas of; general business information, sales, marketing and product development information, workforce and training information, infrastructure and regulatory issues and future plans.

In each area a series of questions were asked to provide the basis to better understand the mix of businesses in Raymond Terrace and Heatherbrae, how they are performing, if they are anticipating changes in operations, and what factors need to be concerned with to sustain and improve the overall business climate.

From a reporting perspective this information has been categorized into four major categories:

1. Business Profile.

2. Business Climate.
3. Workforce and Training Information.
4. Future Plans.

DATA COLLECTION PROCEDURES/ANAYSIS

Surveys were primarily distributed and recovered by hand, with a number being face-to-face by a visitation team at the businesses office.

The consultants coded any open ended survey responses into their major groupings for analysis. The Survey Monkey outputs were downloaded and further analysed using Excel.

There were 84 responses out of a total of 400 questionnaires distributed, leading to a response rate of 21%. It should be noted that the response rate varied by question because some forms were not fully or correctly completed. The overall response rate is typical of a BRE survey.

CONFIDENTIALITY

Due to the in-depth nature of the survey questions confidentiality was strongly emphasized throughout this project. All surveys were only reviewed by Port Stephens Council personnel for data entry and analysis.

MAJOR FINDINGS

This section is based on the summary of 84 surveys completed. It contains chart illustrations of and narrative description highlighting selected items of significance.

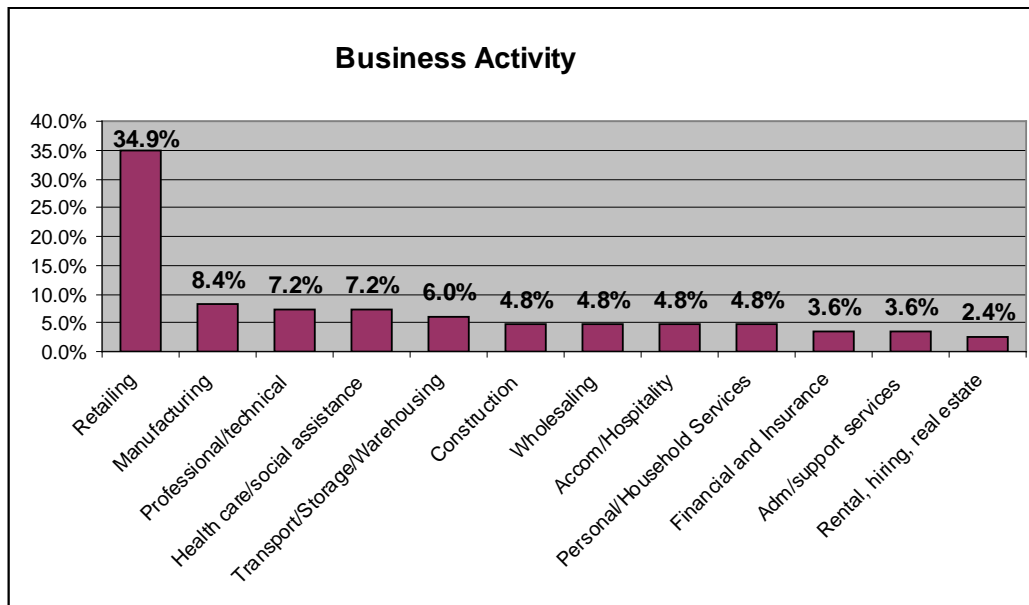
Please note that all percentage figures are based on the number of responses to that question unless otherwise indicated. Due to rounding, percentage totals may not always equal 100%.

1. Business Profile

Business Area/Activity

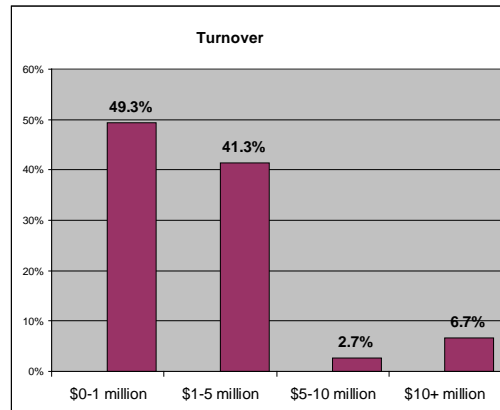
66% of survey respondents were based in Raymond Terrace, 34% in Heatherbrae.

Raymond Terrace and Heatherbrae business interests are diverse with 17 business categories represented amongst survey respondents. A significant percentage, over 60% of participating survey respondents are classified among four business areas: retailing, manufacturing, health care/social assistance and professional and technical services. Significant representation from retailing highlights the importance of that sector in the local community.



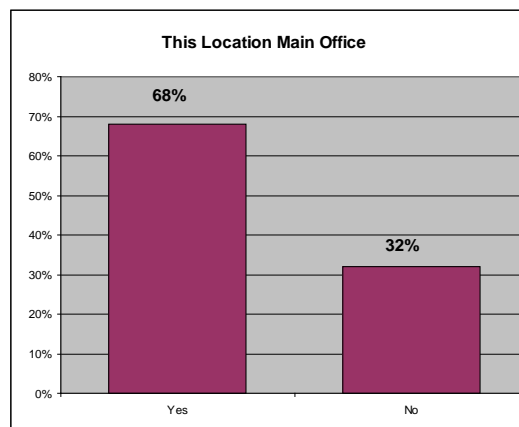
Turnover band

A business mix of newer and established survey respondents were interviewed, who had a broad range of turnovers. 49% of businesses had turnover up to one million dollars, with 9% exceeding 5 million.



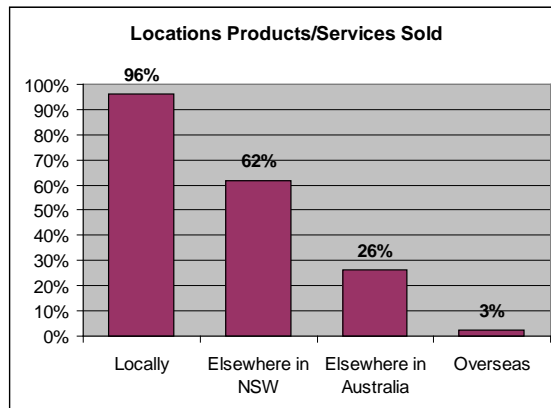
Location of business

The location of the headquarters in the immediate area is a significant factor for business retention and expansion since, historically, a firm may be less likely to relocate if its headquarters is already established in the community. However, if a community is not meeting business primary needs, this may initiate a business to consider moving to a new location. Survey respondents report that 68% of firms had the main office locally.



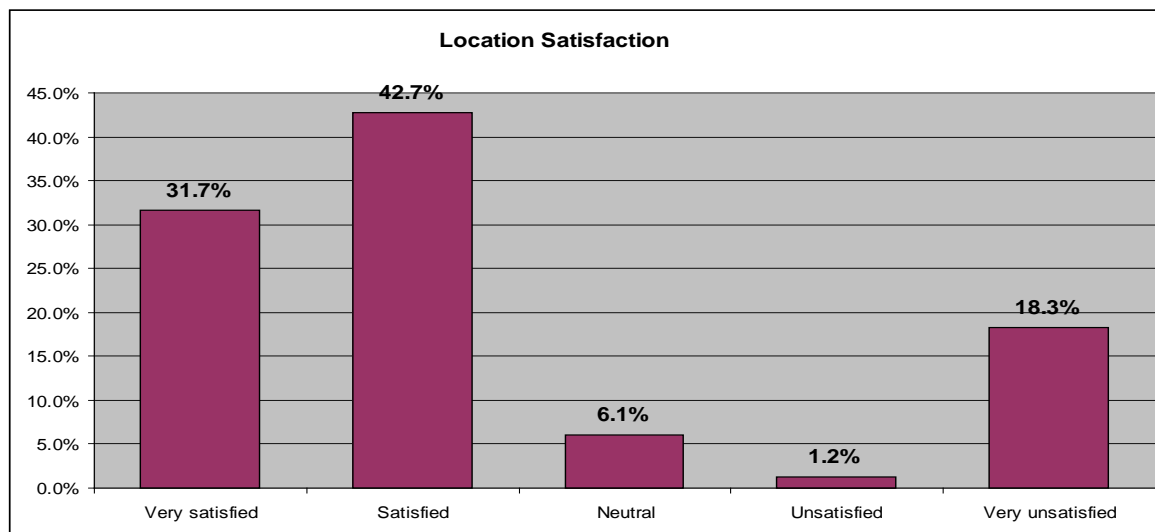
Markets Sold To

Raymond Terrace and Heatherbrae businesses sell the vast majority of products and services locally. Outside of very high local supply, 62% of businesses sell elsewhere in New South Wales and over a quarter sell out-of-state.



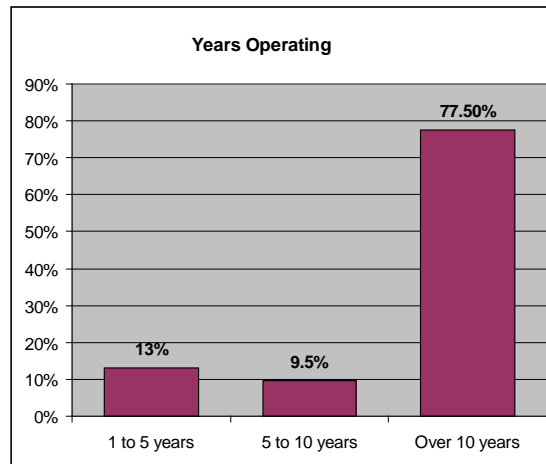
Location Satisfaction

Almost a third of survey respondents were very satisfied with their location and the majority of businesses (75%) were either completely or somewhat satisfied with their current location in Raymond Terrace and Heatherbrae. Reasons given by survey respondents who were somewhat unsatisfied and very unsatisfied varied, however a common reason was more parking and directional signage to Raymond Terrace.



Years in Operation

Reflective of an established community, 77% of survey respondents businesses started over ten years ago. However, indicative of Raymond Terrace and Heatherbrae's evolving economy, 13% of businesses started operating in the last five years.

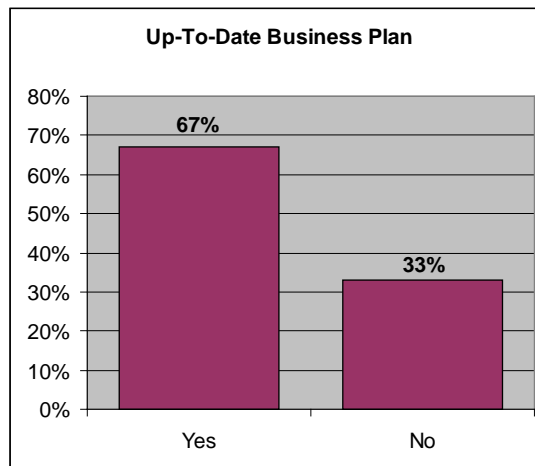


Business Plans

Numerous studies show that businesses with a business plan increase their potential for staying in business. A business plan crystallizes a vision for a business, and ensures there is a level of discipline that ensures all aspects of business are thought through. Businesses without a business plan have greater difficulty sustaining or building their business.

Nearly 70% of participating businesses indicated that they currently have a business plan. An opportunity exists to assist businesses without business plans through appropriate workshops and education.

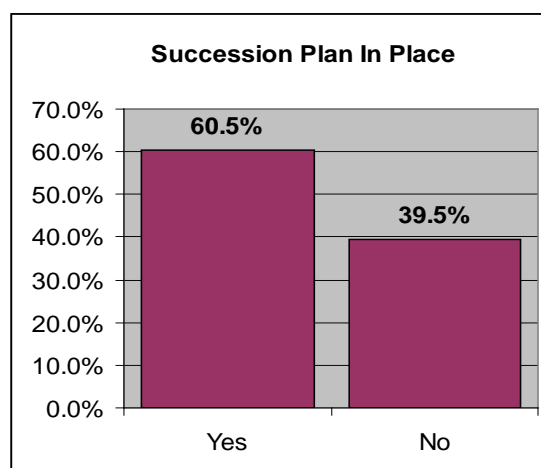
In addition, businesses that currently have a business plan need to periodically, every 2-3 years, update to reflect changing market conditions. 16% of businesses were interested in receiving training or support to develop business plans.



Succession Plans

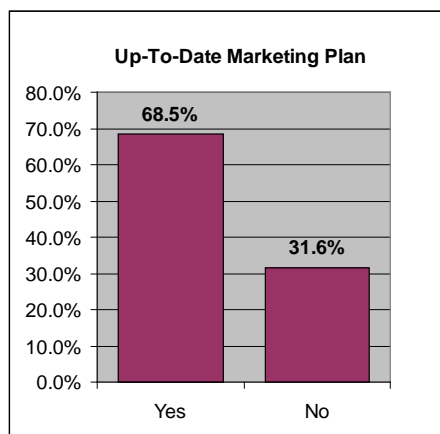
While the majority of survey respondents had succession plans on hand, almost 40% of those surveyed did not have a succession plan in place. Continuing a business beyond one generation of leaders requires planning. Devising a formal plan that outlines who will own and operate the company in the future is a critical decision that has a direct impact on long-term business profitability. If there is no succession planning process this impacts on how a business develops and nurture its human capital.

An opportunity exists in Raymond Terrace and Heatherbrae to assist businesses without succession plans. 10% of businesses were interested in receiving training or support to develop succession plans.



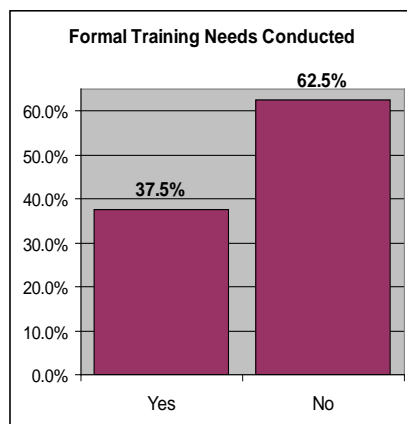
Marketing Plans

Almost 70% of survey respondents had an up-to-date marketing plan in place. Marketing is a business activity that presents products or services in a desirable way to potential customers. Firms that are successful in marketing invariably start with a marketing plan. There needs to be a relationship between a business marketing plan and its business plan. An opportunity exists to assist businesses with marketing plans through appropriate programmes. 16% of survey respondents were interested in receiving training or support to develop marketing plans.



Formal Training Needs

63% of survey respondents had not conducted a formal training needs analysis for future position requirements. An opportunity exists here to work with local firms on this.



2. Business Climate

How a community is perceived for conducting business is very important when trying to retain, expand or recruit business. A positive perception by businesses of the overall community in terms of business operations will also contribute to the overall quality of life experienced by workers and residents.

Both businesses and local government and agencies need to work together to create a positive business climate. The following section summarises Raymond Terrace and Heatherbrae survey respondents thoughts on the overall business climate and the factors that contribute to this perception.

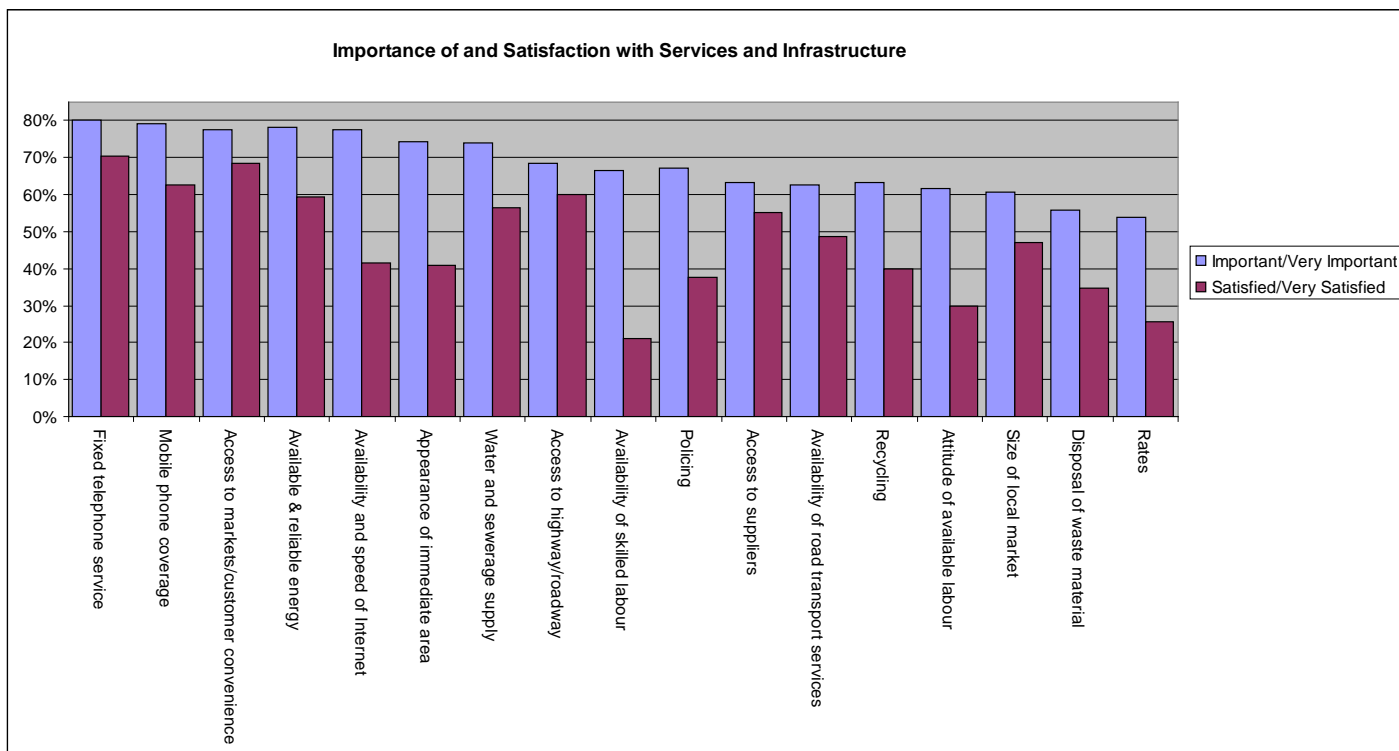
Satisfaction with Services and Infrastructure

Factors that contribute to the overall perception of a community's business climate are very important for business retention and expansion. Understanding how the business community feels about specific factors can provide guidance to strengthen important factors through planning and action.

When survey respondents were provided with a list of 34 business services and infrastructure in Raymond Terrace and Heatherbrae, the top 5 rated in terms of importance were; fixed phone service, mobile phone coverage, access to market and customers, energy availability and availability and speed of internet. Others also to rank highly were the appearance of immediate area and water and sewerage supply.

Satisfaction was generally high across the high importance ranking services and infrastructure areas; however significant gaps between importance and satisfaction exist in four services/infrastructure areas; internet availability and speed, appearance of the immediate area, availability of skilled labour and attitude of available labour.

The chart below summarises responses by participating Raymond Terrace and Heatherbrae businesses as to what they see as important in terms of services and infrastructure and how satisfied they are with those services and infrastructure.

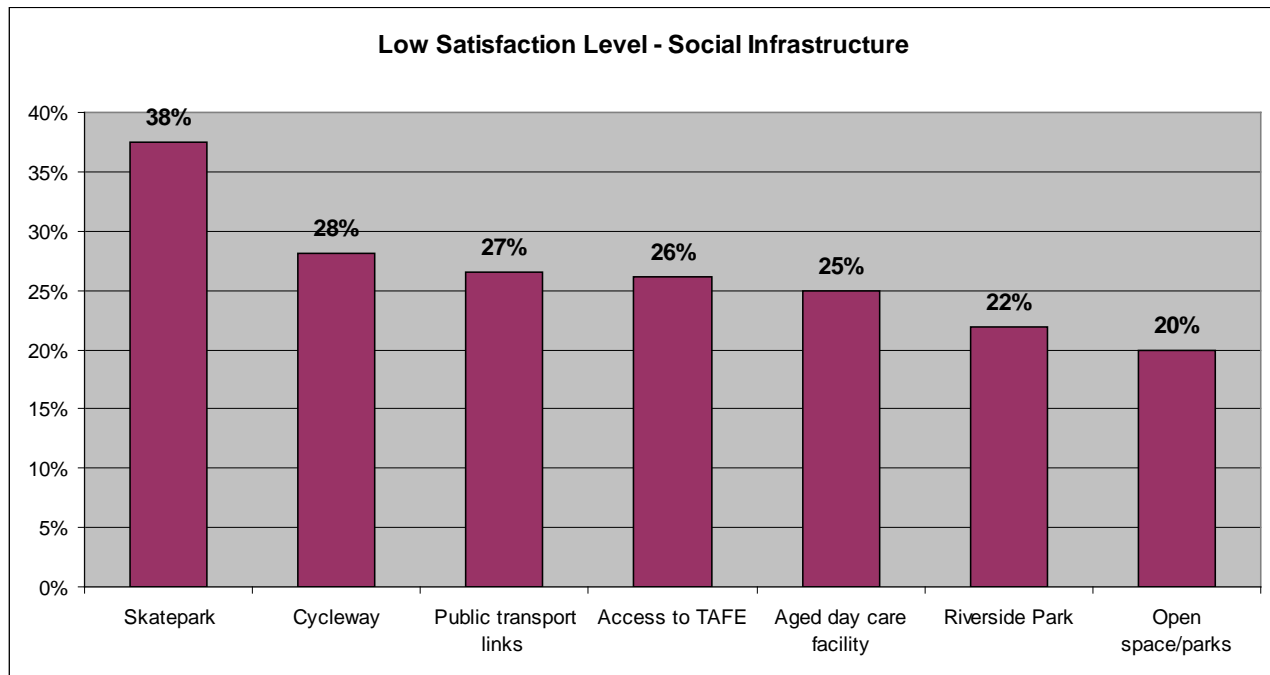


Satisfaction with Social Infrastructure

At a broader community level, when presented with a social infrastructure list of 22 areas, while survey respondents were satisfied with areas such as; banking, postal facilities, cafes, ambulance provision and schools, businesses also rated a number of social infrastructure areas low or very low in satisfaction level.

Almost 40% of the respondents had low satisfaction with the skatepark in Raymond Terrace. Over a quarter of respondents had low satisfaction with; public transport links, cycleways, aged day care facilities and access to TAFE (related to distance and access via public transport).

Over 20% were dissatisfied with the riverside area in Raymond Terrace and 20% were dissatisfied with open spaces and parks.



Business Networking and Support

When asked about awareness of business networking organisations in the area (Raymond Terrace Business Association - RTBA) 52% of survey respondents said they were aware of such an organisation and 48% said no.

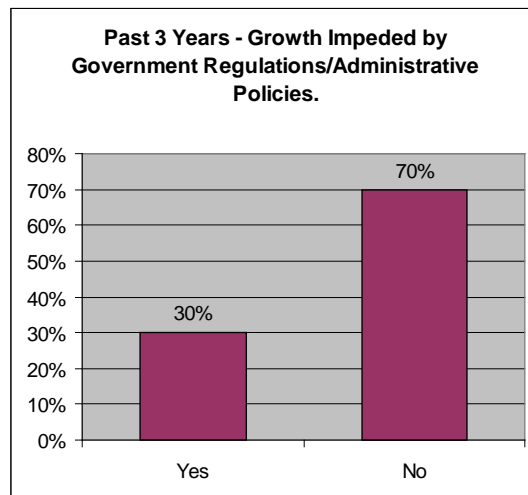
60% of businesses indicated they would like to participate in such an organisation.

General survey feedback received included comments such as:

State or Local Regulations Impeding Growth

30% of survey respondents responded that in the past three years the growth of their company had been impeded because of government regulations and/or administrative policies.

Reasons given by survey respondents who said they were impeded by regulations were varied, including, but not limited to: planning laws, WHS, trading hours, Hospitality Award and Health Insurance Commission regulations.



Business Climate Feedback

A significant amount of constructive feedback was given on issues and possible improvement/support areas in Raymond Terrace and Heatherbrae. The feedback can be grouped into four common response areas; promotion/profiling, business environment and development, foreshore/riverfront and council services. Comments included:

Promotion/Profiling:

"Need for a sign to make people aware what businesses are located in the area."

"Every website should have a map of the Port Stephens local area on the front page - where are we and then facilities available."

"Need access off highway or signpost to indicate business access."

"Road access and sign posts for all local business in this area. Promote outside Heatherbrae area too."

"A free page focused on 4-6 businesses every week in Newspaper."

"Promotion of area to potential customers/clients."

"Increased PR Arm. Have consistent dialogue with all stakeholders. Identify wins in other areas and replicate."

"Better the area's reputation."

"Radio/TV advertising promoting the town and what it has to offer."

Raymond Terrace & Heatherbrae Business Retention and Expansion Survey Results,

Business Environment and Development:

"Get light businesses here."

"Important for RTBA to be strong for Council to be communicating with businesses."

"Streetscape is critical. Street Art."

"Stop the movement of business to outside of the CBD."

"Create more industries."

"Retail is good, hospitality is basic."

"Lack of dining."

"It is important to make sure the vitality of William Street is assured."

"Street lights in town need to stay on longer."

"Put another shopping centre on old football ground."

"Listen to the concerns of business in order to grow a great community."

"Lack of public transport both between areas in Port Stephens itself, and to Maitland and Newcastle. Limits access particularly to Raymond Terrace for both workers and customers."

Foreshore/Riverfront:

"I look forward to the King Street foreshore development including proposed boardwalk/cafes."

"Provide better public areas at the river front of Raymond Terrace."

"King Street is an eyesore and undeveloped waterfront location."

"Scope to improve the riverbank."

Council Services:

"Cut the red tape and costs."

"Speeding up application process and lowering costs."

"Employ a parking officer."

"Better the area's reputation."

"Decrease time it takes to approve DAs."

"All Government Departments to be more productive and proactive with business."

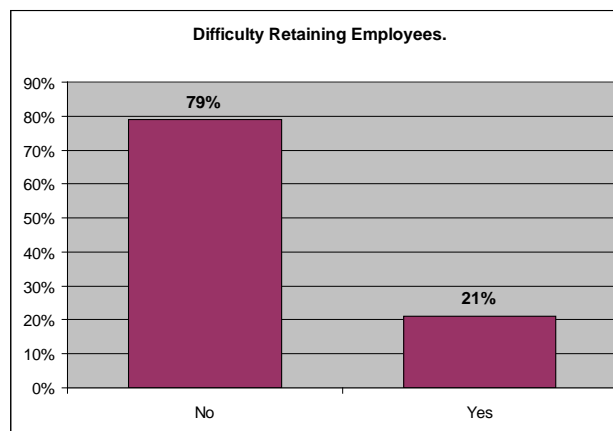
"The Council must make RT Business district more desirable."

3. Workforce and Training

Business training and education are viable economic development strategies for business retention and expansion programming. Addressing training and educational needs of existing businesses can strengthen Raymond Terrace and Heatherbrae's business environment by better preparing businesses to compete in the market place.

Employee Retention

Almost 80% of survey respondents noted they had no difficulty retaining employees once secured. A strong staff retention rate is a positive indication of a business community's strength.

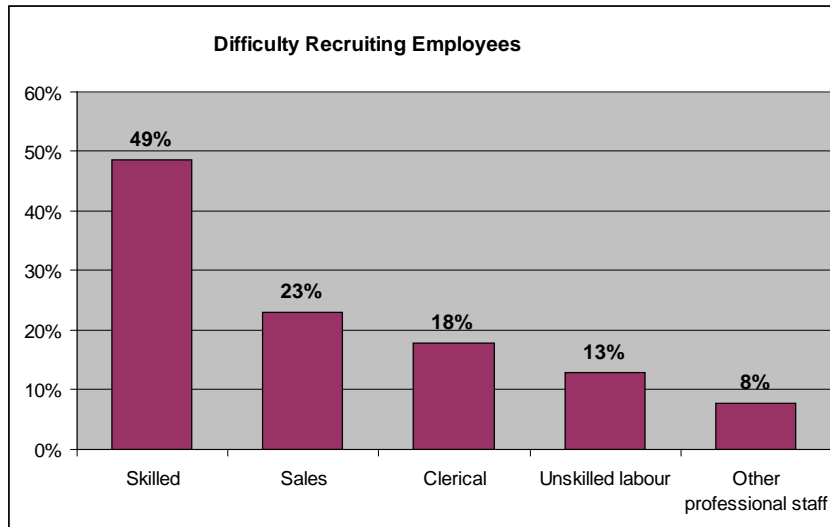


Recruitment Difficulties

52% of survey respondents said they were experiencing in finding suitable employees for their business.

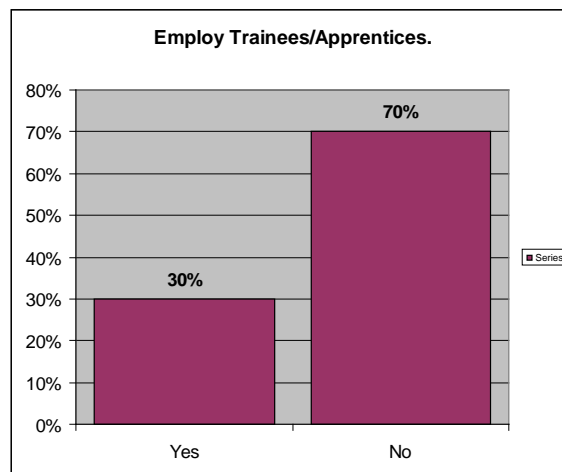
Almost half of those survey respondents who responded to the question of what types of employees are hard to recruit noted skilled employees are the hardest to find.

Survey respondents also said sales and clerical staff were difficult to recruit, and 13% of businesses said they have difficulties recruiting unskilled labour.



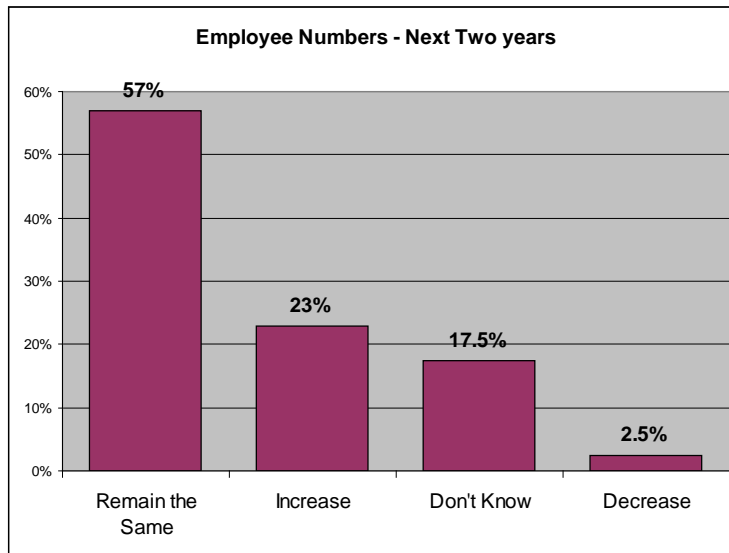
Youth in Business

Just under a third of survey respondents employed trainees or apprentices, a good number for the region. When asked about developing stronger links and partnerships between businesses and schools 27% of survey respondents were interested or very interested to do so. 37% of survey respondents also indicate a high willingness to participate in partnerships with trainer providers that supports education and skill development for young people.



Employee Numbers – Next Two Years

Almost a quarter of survey respondents expected employee numbers to increase in the next two years. Almost 60% anticipated no change and only 2.5% expected a drop. 17.5% were unsure on employee number changes in the next 2 years.

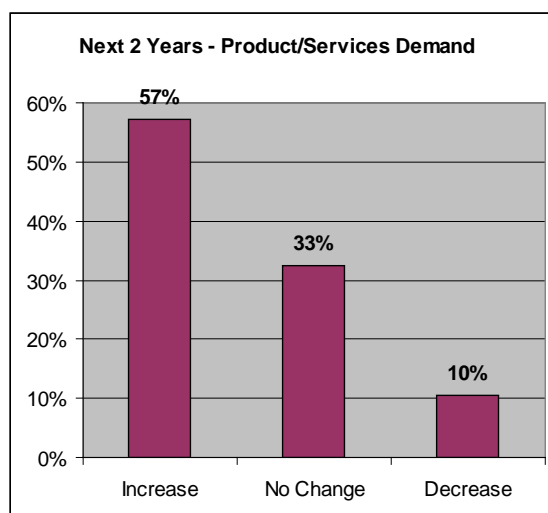


4. Future Plans

A principal purpose of BRE surveys is to ascertain the problems and issues confronting a region's businesses. An aspect of that is determining which businesses in an area expect to have increasing demand and expansion plans.

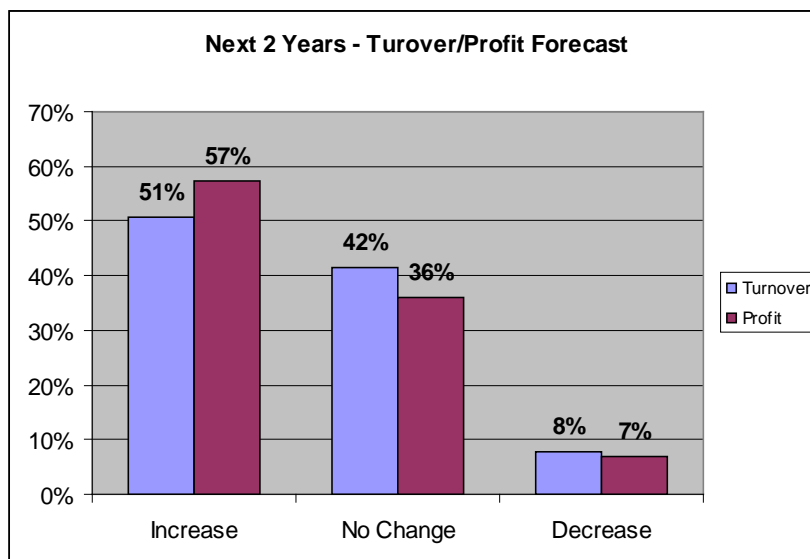
Demand for Services/Products – Next 2 Years

Almost 60% of Raymond Terrace and Heatherbrae survey respondents anticipate increased demand for their products and services in the next two years. A third expect no change in demand and only 10% expect a decrease.



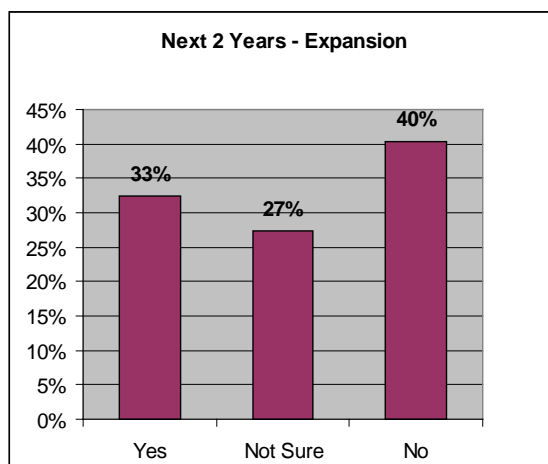
Change in Turnover/Profit – Next 2 Years

Over 50% of Raymond Terrace and Heatherbrae survey respondents expect to increase turnover and 57% expect to increase profit in the next two years. Approximately 40% expect no change in turnover/profit and less than 10% expect a decrease.



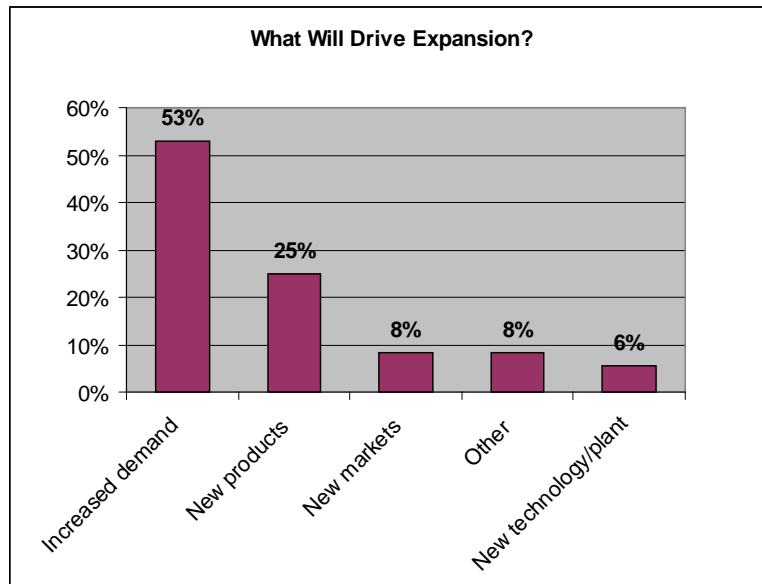
Expansion Plans – Next 2 Years

One third of Raymond Terrace and Heatherbrae survey respondents are considering expansion in the next two years. 27% are unsure and 40% are not looking to expand.



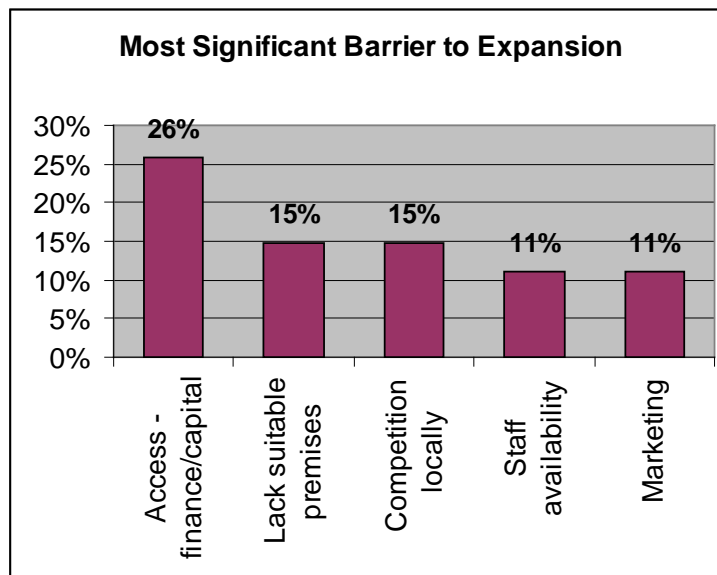
Expansion Reasons

Over 50% of survey respondents said expansion is anticipated to be realised via increased demand for current products, 25% noted expansion would occur via the launch of new products, and 8% by entry into new markets



Expansion Barriers

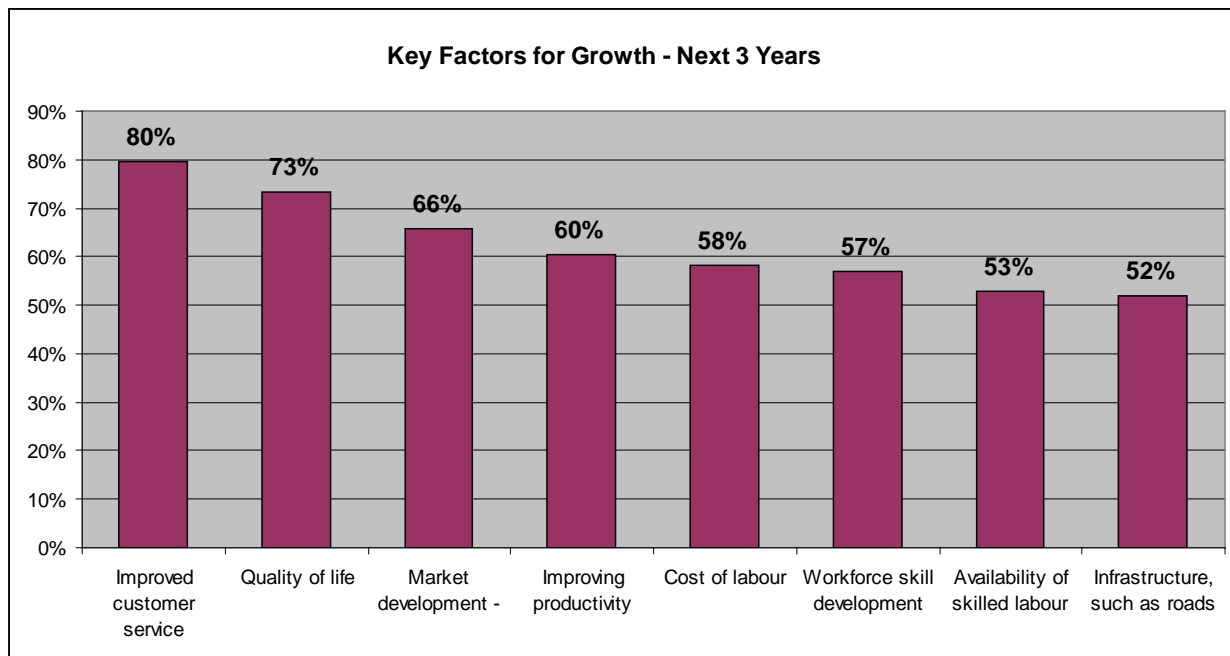
When asked to choose the one most significant barrier to expansion 25% of survey respondents said access to finance and capital, 15% said lack of suitable premises and 15% said competition in the local area.



Key Growth Factors – Next 3 Years

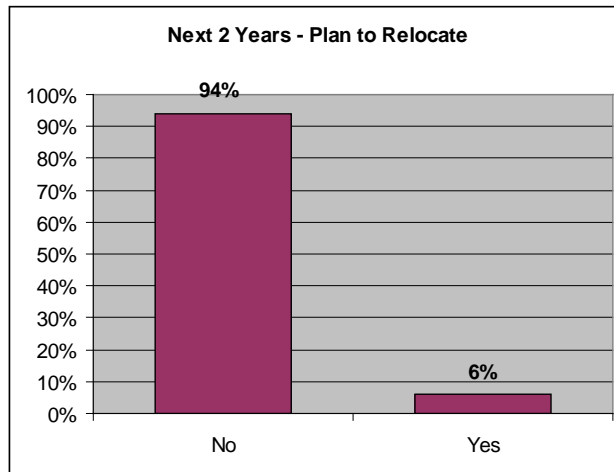
When asked what factors would be key to business growth and development in the next 3 years improved customer service and maintaining a quality of life were the two most important factors followed by market development and improved productivity.

The next 3 most important growth factors were around labour; cost of labour, workforce skill development and availability of skilled labour.



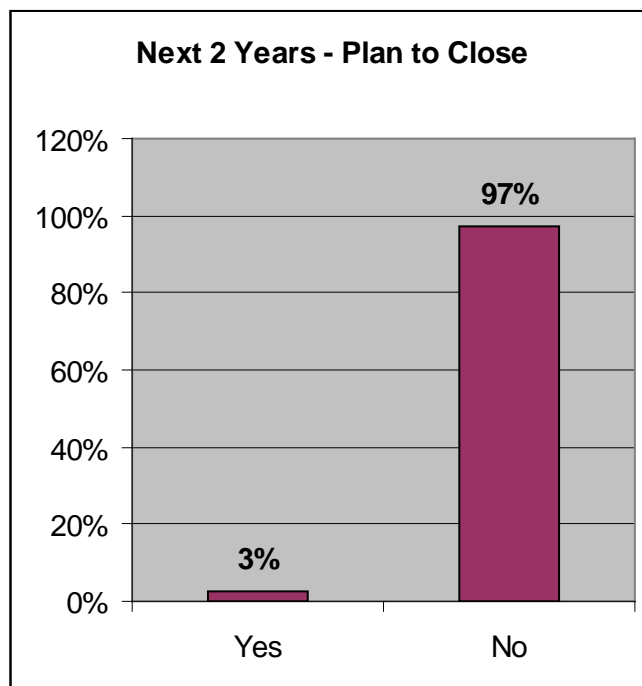
Relocation – Next 2 Years

94% of survey respondents have no plans to relocate their business within the next two years. Of those that are looking to relocate (five businesses) four say it will be in the Raymond Terrace and Heatherbrae, 3 are looking to relocate due to the need for better facilities and more space.



Plan to Close – Next 2 Years

97% of survey respondents have no plans to close their business within the next two years. Of those two businesses that are looking to close retirement was given as the reason.



New Businesses to Community

When asked what new business(es) or services would you like to see added to this community?, the most common response was generally just more businesses to fill market gaps.

Specific comments included:

"More competition in the retail market."

"Generally more businesses driving more demand."

"Expand shopping to bring people to the area."

Target was mentioned a number of times as a potential new business as was a new shoe store and a new supermarket.

A large number of respondents also identified the need for more choices in food and more medical services with easier access. The planned launch of the Health One clinic in Raymond Terrace addresses the medical services area in the near future.