

<b>Alchemy Project Update</b>	<b>8<sup>th</sup> November 2016</b>
<b>To: The Leisure and Development Committee For Information</b>	

<b>Linkage to Council Strategy (2015-19)</b>	
<b>Strategic Theme</b>	Accelerating Our Economy & Contributing To Prosperity
<b>Outcome</b>	Encouraging existing businesses to prosper and grow
<b>Lead Officer</b>	Head of Prosperity and Place
<b>Cost: (If applicable)</b>	Programme value is £80,000 from existing allocated budget

**The purpose of this paper is to update members on the Alchemy project, which is Council's main engagement with those businesses which are beyond start-up stage.**

### **Introduction**

Alchemy is a legacy programme which has been continued on from former EU funding programmes. It offers bespoke business support to locally based businesses in the Causeway Coast and Glens Borough Council area. Alchemy is the central point for most business enquiries and is offering direct business support, or links businesses to other relevant support programmes. It offers:

- Tangible, focused and bespoke advice and support.
- Referrals to other relevant business support.
- Up to five days free bespoke mentor support/consultancy (depending on need) delivered by industry professionals.
- Opportunities to grow the business with professional support.

Alchemy was previously part financed by Invest Northern Ireland and the European Regional Development Fund under the Sustainable Competitiveness Programme for Northern Ireland. The funding finished in August 2015.

**The Economic Development Strategy 2015-18 committed to continue delivering a generic support** programme which was recognised as the best model to “pick up and progress” many of our locally based businesses which have not, or cannot attract Invest NI assistance.

Alchemy targets support of 80 businesses per annum. It was opened late in 2015. The support was also recognised and is now acting to deliver NIBSUP in partnership with the Enterprise Agencies until the new Regional Start Initiative contract is approved and ready to commence.

## Summary

- There is an ongoing need for business support across a range of problems which businesses encounter every day – Alchemy has proved to be a useful port in a storm for problems ranging from personnel to planning.
- Businesses – like any sector of society – generally don't engage with central government support when they are entitled to. It is also found there is a continuing lack of awareness of the business supports which are available.
- The effects of 2008 are still evident – *turnover to profit ratio remains small*, which suggests businesses are still being cautious. There is obviously much work to be done in the area about confidence and capacity building. Anecdotally, fears still exist about becoming an employer.
- A large focus should remain on “pull through” to Invest NI assistance. In discussion with businesses, it is found that some may have had contact with INI, but have let it lapse. Many others are less than proactive in maintaining contact with Client Executives – mostly because they are concentrating on the day to day running of that business. Alchemy will continue to push that linkage, and work towards the target of improving INI spend in the Borough.
- “Jobs created” is not a main measurement of this programme. Over a period of two years, Council will revisit the clients to check on all measurements, and ascertain if jobs have been created, but it is not recommended that Alchemy becomes “just about the jobs”.
- The target for the programme was 80 businesses engaged for the year – this has now been reached and is currently sitting at 91, with a further 14 enquiries for assistance in the past two weeks.

## Summary and Headline Cases

<b>@ August 16</b>	<b>Combined Totals 2015 &amp; 2016</b>		<b>Mar 2014-June 2015</b>
<b>2.57</b>	<b>2.61</b>	Average Mentoring Support (days)	<b>3.3</b>
<b>220</b>	<b>829</b>	No. of Businesses engaged - contact/assessment meetings	<b>609</b>
<b>91</b>	<b>256</b>	No. of Businesses Awarded Mentoring Support	<b>165</b>
<b>91</b>	<b>296</b>	Client cases assessed and presented to panel	<b>205</b>
<b>£40,060,234</b>	<b>£129,138,870</b>	Combined turnover of businesses registered	<b>£89,078,636</b>
<b>£6,302,511</b>	<b>£12,751,631</b>	Combined gross profit for registered businesses	<b>£6,449,120</b>
<b>502</b>	<b>1240</b>	Employees (combined total of all recruited businesses)	<b>738</b>
<b>9</b>	<b>31</b>	Invest NI referrals for potential Invest NI Client application	<b>22</b>
<b>15</b>	<b>65</b>	referrals to other support for businesses	<b>50</b>
<b>233.5</b>	<b>775.3</b>	Total Number of days mentoring awarded	<b>541.8</b>
<b>130</b>	<b>340</b>	Individual business assessments	<b>210</b>
<b>107</b>	<b>320</b>	Items uploaded onto library pertaining to clients and mentor reporting for each clients	<b>213</b>
<b>8</b>	<b>24</b>	Monthly Panel meetings – assessing clients for mentoring	<b>16</b>
<b>274</b>	<b>934</b>	Reports posted/managed online within the Alchemy designed CRM	<b>660</b>

	Client	Outcomes
1.	Architect services	Projected 22% increase in turnover by 31 March 2017 and conservative projection of 20% profitability (up from 18% in previous year) The business took on 2 new employees as mentoring progressed and are now advertising for another new employee. The business was an Invest NI Client referral given the new employees, export potential and increased turnover (exceeding basic requirement by INI) The directors are in communications with Invest NI applying for Tech-Start and Technology grants.
2.	Ballymoney Based Car Alloy Specialist	This business has grown by 200% since April 2016 and has created two full-time positions.
3.	Arabic Gum Imports	Business progressing to verify if it is to set up off shore or within NI for manufacturing to supply food industry.
4.	Website Developer	Developed Sales Targets and a Growth Plan - some products increased from 20-50% in profitability as a result of mentoring support. Sales forecast with concrete sales leads ranging from £200 -£12,600. Turnover achieved since Alchemy Project £9,760. Project Target £20,888 per quarter. Increasing Annual Turnover to £83,552.
5.	Car accessories Supplier	Supported a stock control and money management system - has Increased return customers with introduction of new advertising strategies. Increased profit margins by 2-5% due to identifying high profit brands and negotiating new suppliers. Average increase sales in Qtr Jan – Mar 2016 of 17.5% from 2015. Expect 50% increase in sales as new mainland UK and Europe wholesale distribution market is targeted. Also supported to have significant social media marketing.
6.	Construction & Engineering Architects	Has become an Invest NI client and have appointed a Project manager which has freed up time for the two directors to focus on business development. They will be employing a new admin before the end of the year. Turnover is up more than 5% - estimated to be circa £1.3 million + at end of their financial year. Profitability is up by more than 1 % and directors are now able to

	<b>Client</b>	<b>Outcomes</b>
		draw salaries out of the business.
7.	Food Supplier	Alchemy supported the professional development of a more effective ecommerce platform directly selling products to export and domestic markets. Expects sales increase of 25% within 1 year of support.
8.	Café	Increasing sales to £125k - within 2 months as activities introduced sales up 7% year on year. Focus on price increase and average sale the increase on GP and NP. 1 New employee. Menu & Own branded packaging is a work in progress through Alchemy.
9.	Social Enterprise – Waste Recycling & Training	This is a charity supporting people with learning disabilities. The enterprise has significant growth potential and through Alchemy recognised it had too many single touch points across the Council with limited access to actual decision makers or political leverage. To have the Council become fully aware of the full range of services it delivers Can invited and hosted Council on a recent visit. It is hoped that Council will support plans and potential actions that can see the Social enterprise offer significant growth across the Borough.
10.	Branded clothing/workwear solutions supplier	The sales and marketing effort in Carnroe has led to an increase in business volumes - worth approximately £100k. . The Gross Profit margin on this work is around 22%.
11.	Project Engineering	Business since mentoring began has expanded from one to be a team of 4 including one temporary position. £60k income per annum for Director. £10k debt and profits retained to build a reserve for growth. A web-site will be established for marketing and attraction of potential employees. Secured 6 months continuous projects at Bushmills Distillery and a further major project in advanced stages of agreement.
12.	Van supplies	Estimate for increased turnover 5% - based on an increased uptake through the online selling tools which was revamped as a result of the mentoring.

	Client	Outcomes
13.	Outdoor clothing supplies	Design and produce unique outdoor garments - production and supplier of materials support to permit a growth plan. Alchemy mentoring support has seen an 8 fold rise in sales per month of the garments and his supply production issues are near to reaching a successful conclusion for security of supply and tackling new market penetration.
14.	Digital CCTV/Networking	Increase in turnover - at least 5% by end of 2016 and at least 10% by end June 2017. Potential to create one new full time skilled post by end of 2017.
15.	Leisure provider	Short term increase in profitability. Modest increase in turnover expected - focus now on areas of the business that generate the most profit. Lift on week-end breaks - 1 additional part-time staff to deliver this service.
16.	Accommodation provider	Projected Turnover increase of 7.4% from increased food and bar (local trade) Projected Profitability = 5% increase from current (£25,000) total annual profit based solely on accommodation. Job creation = one more part timer <i>Or</i> fuller employment for existing staff. Possible additional chef
17.	Café and outside catering supplier	Expects to increase sales by 20% within one year and othr areas for development may see the business employ 1 new part timer. Forecast a 10% increase in profits. The business has been supported to fully use Social media within a new marketing plan raising awareness, driving new sales and enhancing the brand. Support was also given in managing the business website and it going live.
18.	Accountancy services	Growth projected of 10% with an uplift to 15% within 3 years – if growth is achieved they will be seeking to recruit another full time and part time position for trainee and fully qualified accountants
19.	Engineering firm	Alchemy focused increased opportunity to quote for work - expected turnover increase of 5% and added one £30k contract secured = 10% growth - Now drawing down R&D funding from Invest NI (development of a new machine for competitive advantage in the market). Registered

	Client	Outcomes
		with Invest NI's Tender Tap service -alerts on a daily basis to tenders which will be relevant to their business.
20.	Clothing retailer	Client progressed advice to rent out an upstairs room as an income generator to a complimentary business with the potential to increase sales from walk-throughs. The business has extended a number of product ranges on offer and now include some lines of clothing. Also as a result of this the business have taken advantage of free listings on Ebay and Amazon to sell unwanted stock online. A new computer based financial management system is now in place. With a clearer marketing plan and improved her social media management developed too. Client expects to meet 5% increase and potential to crease part-time employment within 12 months of the programme.
21.	Beauty Salon	In the absence of actual figures, a review of turnover April to July 2015 compared with monthly targets that were prepared for the same period in 2016 (the period since mentoring ended to date). Sales targets represented a 600% increase in turnover. 5% increase in turnover objective will be greatly exceeded. No additional jobs were created and Fresher Faces would not meet the criteria for INI referral.
22.	Travel provider	Forecast sales for 1st year operations revised to £59,000 and 2nd year projections reconfigured based upon secured new business. Potential of a further £43,000.
23.	Eggs Supplier	Sales, margin and cash flow projections years 1-3 - Turnover increase of 40% and Profit by 50% expected. New Investment of £103K for Plant and £120k for equipment planned within 12 months and 1 New job expected too.
24.	Landscaping Business	Improved sales approach. CRM developed and maintained. Invest NI introduction brokered. Sales growth in the post-mentoring project period has grown by 25%

	<b>Client</b>	<b>Outcomes</b>
25.	Beauty & Hair Salon	Potential to create one new part time position in the Beauty Salon – increase of 10% in turnover expected - profitability on all treatments and products at 20% mark up - will increase to 40% - 50%.
26.	New Beauty Product Manufacturer	Secured a letter of offer for Market Development from Invest NI. Turnover projected £213,418 Yr1, £634,030 Yr 2 and £887,141 in year 3. 5 new staff within 3 years (2019). Export sales to represent 80% of total sales  New co projected to be viable, generating a net profit of £97,714 (before drawings and NICS) in year 1 and a net profit of £224, 192 (before drawings and NICS) in year 2, provided the sales and operating targets included in the business plan are met. The Gross Profit Margin estimated to be at 72.9% in years 1, dropping to 60% in year 2 and 56% in year 3.
27.	Ecological consultancy	Expected Growth of 20% in sales - securing full time employment for owner and employment of 1 part time employee and 2 associates within 12 months of Alchemy support.
28.	Micro-brewery	Sales Forecast indicating significant growth (12%) and extending range in specialist beers such as NW 200 and others - labelling and bottling costs reviewed and advised to utilise kegs for greater speed of production and reduced costs to raise profitability - the business has secured a significant UK order utilising the kegs and wants to pursue Innovation Voucher and Invest NI Gap funding as well as possible support via InterTrade Ireland.
29.	Newly established Bathroom supplier	Newly established partnership of 2 long standing individual tradesmen -combined approach to sales, design and delivery of bathrooms with Northern Ceramics as supplier of tiles etc.
30.	Website selling gift and home accessories	With sales already going outside NI Mentor expects Invest NI client status uplift - expect Sales turnover increases exceeding 10% with part time employment creation in year 1, 2 and 3



	<b>Client</b>	<b>Outcomes</b>
31.	Finishing/Painting supplier	Support allowed for research into specific Regulations and legislation needed to comply with so as not to hamper the growth plans. Supported applications to NI Water, NIEA and REACH. If project moves ahead potential is to increase turnover by up to £4M and create up to 80 jobs.
32.	Online seller – motorbike parts	Business turnover increase = 400% from last year. Invest NI pipeline possibility after 2 years trading. Loan application £10,000 finalised - turnover predicted to increase by 400% in the next 12 months. GP is predicted to increase to 50%.
33.	Recruitment Agent	Key local managers trained in how to write winning tenders. Support provided advice and guidance on a current live tender that could increase turnover by 15% if secured.
34.	Food product smoker/retailer/supplier	Overall sales up by 50%; profitability has also increased by 5%. He is very happy with the way the business has grown and progressed. Received awards in the Great Taste Awards competition & will help in growing the brand awareness. They have installed a second smoker to help double the throughput. Owner does not see need to employ any staff. However the business is now on a much more secure foundation and should grow from strength. Invest NI potential possibly in a few years.
35.	Ceramics	Report 25% increase in sales with Alchemy support having focused on website and social media avenues for new customer capture. Business has recruited a full time marketing member of staff. Progressing with export potential into UK with Invest NI support.
36.	Café/small restaurant	Regarding HR issues - they now have up to date terms and conditions of employment and given a template set of terms that they can use in future. Legal compliance has been achieved.
37.	Kitchen supplier	Overall the company has added 1 more job to the company through the duration of the programme and should be on target to improve profitability by 5%. This will come from a strategic focus examined during the programme for targeting more profitable work (and more

	<b>Client</b>	<b>Outcomes</b>
		importantly turning down unprofitable work), doing this will free up a substantial amount of time for Paul and allow him a greater ability to focus on neglected areas of the business and focusing on selling sliding robes products.
<b>38.</b>	Steelframe Building suppliers	All objectives have been achieved. Contracts have increased turnover from £613,576 to £650,583. However, their GP margin dropped from 46% to 34%, this was due to one off costs of establishing processes for CE marking. Contractor continues to increase sales and are confident they will achieve their GP% of 46% again this year.
<b>39.</b>	Not categorised	Market research to identify new opportunities. Business plan to enable the owner to develop new markets. Financial forecasts to aid cashflow planning, promotional spend, HR support.
<b>40.</b>	Bakery	Complete SFA application to INVEST NI. Review processing plant development at Farm. Review grant applications for LAG and AFPIS funding. Secured GAP funding from Invest NI
<b>41.</b>	Restaurant	This business has shown significant growth prospects from its opening and the business expects to exceed sales growth of 10% increase in turnover and will employ an additional seasonal part time employee as a result of the mentoring support for growth.
<b>42.</b>	Food manufacturer	Increase in sales of over 30% - may increase due to the seasonality of the business. Profitability of the company will increase by a minimum of 10% - created two part-time jobs - plans for 2 full time new posts within 12 months. Invest NI Client referral potential – Referred to InterTradeIreland to get export started with a view to applying for InvestNI status in 2017.
<b>43.</b>	Specialist bakers	Expansion of premises in summer 2016 - increase sales by 15%. Addition of new product with the potential to increase sales by 10% in 2017 - adding a monthly cookery class. Plans to increase sales in 2017 by an additional 30% & Online sales will be considered.
<b>44.</b>	Roofing Contractor	Since taking on mentoring support the business have expanded service offerings and marketing

	Client	Outcomes
		activities to capture new customers - the business converted premises in Dungiven to include a hi-spec showroom and they expect to increase sales by 10% within a year of opening as well as add to the pool of subcontractors supported by 2-3 new recruits.
45.	Not categorised	Support determined what IP was available for sale and identified the added value the IP can bring to potential licensees. Profile/shortlisted potential licensees. Client may realise in excess of a seven figure sum upon the commercial sale of the IP.

**As at end of August 2016 – combined totals from funded Programme 2015-16**

- 829 organisations engaged in contact/assessment meetings.
- 296 client cases presented to panel – each having been individually assessed.
- 340 individual business assessments and business audits.
- 934 reports posted/managed online within the Alchemy designed CRM.
- Monthly Panel meetings – assessing clients for mentoring.
- 65 referrals to other support for businesses.
- 31 Invest NI referrals for potential Invest NI Client application.
- 256 businesses supported with 775.3 days of mentoring – average 2.61 days per client.
- £1,291,388,700 combined turnover of businesses registered.
- £12,751,631 combined gross profit for registered businesses.
- 1240 employees baseline of recruited businesses.