

COUNCILS BECOME BANKERS

Local authorities are setting-up municipal banks to lend to small firms. A 'Bank of Essex' is being formed by Essex County Council, using European Investment Bank money, for the purpose. A related scheme, Foundation East, could make high-risk loans. Birmingham City Council may create the 'Bank of Birmingham'.

**MORE FUNDING REQUIRED**

Reform of the Small Firms Loan Guarantee is urgently needed to give small businesses continued access to finance in the recession, says ACCA's SME Committee. There should also be a tightening of the Code of Practice for Business Banking, concludes the policy paper *Financing SMEs in the Recession*. The SFLG scheme should be extended to strengthen SME supply chains and should cover older and bigger SMEs, larger loan amounts and shorter-term lending. This action would prevent the failure of one supplier or customer from infecting all SMEs dependent on it. The committee comprises representatives from the Federation of Small Businesses, Confederation of British Industry, British Chambers of Commerce, the Forum of Private Business and banks. The committee warns that too few small firms in financial difficulty are taking advice from accountants: businesses with access to accountants and financially qualified managers are more likely to secure the finance they need.

The view from:

Web designer **Marcus Green**, founder, Toolkit Websites

Q How's business?

A Things are going great for us at the moment. Since budgets aren't high, people are trying to get the best bang for their buck. They're choosing us, as we're cost-effective.

Q What is the biggest business lesson you've learned in the past 12 months?

A The value of the expression: 'Up to quality, not down to price.' Last year, we reduced the cost of our websites to make sure we won every possible client. But there are two problems with this. The first is that there'll always be a rival willing to work for less. The second is we were reducing the quality of our service in line with the price. But this went against the grain for us, so we've now raised our set-up prices and are getting more clients than before.

Q What mistakes have you made?

A A lot of people favour remote working. But it's hard if you're the managing director. Last year, I worked three days a week from home and two days at the office, because it was 100 miles away. My wife and I have now moved closer and there has been an huge improvement. I'm in tune with the day-to-day issues, the team can quiz me if they need to and we're making decisions a lot faster.

Q What would you do differently?

A I'd have had more confidence in our product and started a big marketing push earlier. But it's easy to say that now we have 500 clients, robust systems and a solid business model.

Q What is the biggest opportunity for your business in 2009?

A Becoming the biggest web design company in the UK. We're trying to use the downturn in the economy as an opportunity to increase business.

Q What is the biggest challenge for 2009?

A Handling that growth is a big challenge. Making sure our infrastructure scales up efficiently is critical.

FIRM FACTS

Employees: 20

Location: Southampton, Ukraine and India

Favourite website:

www.startups.co.uk

Best read: *The E-Myth* by Michael E Gerber



55 Enterprise News; View from a web designer; Surviving exchange rates

43 Practice News; View from Norfolk; Surviving self-assessment; London's future

49 Corporate News; View from the TV rights industry; Arup CFO; IFRS survey; How not to get sacked

59 Public Services New chairman of the National Audit Office; IPSAS

63 Financial Services News; View from the BBA; Floating in a timid market