

# *Supporting Limerick's SMEs Through Challenging Times and Change*

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Submitted to:

The Economic Development, Enterprise & Planning Strategic Policy Committee,  
Limerick City & County Council

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## Note from the Chair

I am pleased to propose this report to The Economic Development, Enterprise and Planning Strategic Policy Committee, Limerick City & County Council. It was an honour to produce this document at their request. I want to thank all of many people who were so generous of their time and ideas helping with so many helpful suggestions and guidance on what Limerick needs to do. I also want to particularly thank Paraic Rattigan of the Mid-West Regional Enterprise Plan. Without the many hours he spent helping to produce the text and coordinating discussions, this document would likely never have seen the light of day.



The SME sector is critical to both Ireland's economy and society. It employs 65% of the total national workforce and accounts for some 99% of total active enterprises. The Covid-19 pandemic has disproportionately impacted the sector, with 85% of businesses having closed to some degree during the wave one lockdown, of which 34% have shut completely resulting in significant job losses. In Limerick county alone over 3,600 Business Restart Grant applications (with a value totalling almost €18 million) were submitted by small local businesses seeking support to recover from the impacts of lockdown.

Yet despite this help, the crisis is not over. These businesses remain in serious need of further key financial and other assistance to navigate through the pandemic. The state and local government need to respond quickly and in scale if we want a sustainable recovery of our local economy.

Policy will be determined at national level but its implementation requires a strong local input building on a much deeper knowledge and familiarity with the issues on the ground.

Not every firm will or should survive this post pandemic 21<sup>st</sup> Century industrial revolution. But those who can adapt and prosper will form the bedrock of a solid recovery for our region and should be supported.

Because these businesses are local, they need supports built on a local basis to rebuild their businesses. The recommendations set out below, focus on things we should do in Limerick, but they can be replicated nationally. They are designed to aid the SME sector in Limerick to both recover from financial shocks and adapt successfully to the structural changes accelerated by the pandemic.

To navigate this revolution safely, appropriately and effectively, will require a radical rethinking of supports for business in our region and beyond.

This is why we are adding our voices to the demands at a national level for a new agency for small businesses and further supports to build more resilient SMEs.

The former can be done easily with the reorganisation of existing and new supports into a new 'one stop shop' support for the over 800,000 employees and their employers for whom neither IDA Ireland nor Enterprise Ireland today have a core responsibility. With so many new innovations already underway, Limerick is perfectly suited to implement such a similar structure as phase one of a national rollout.

This will mean all Limerick SMEs will be supported by a network of co-working/training/support/click and collect centres right across the county in town locations, each acting as the spokes of a central hub in the city centre, at the existing Engine building – a new one-stop SME Enterprise Centre right here in Limerick city.

In addition, we are recommending enhancement of local supports by the decentralisation of representatives of existing agencies of government, like the SBCI, MFI, the Credit Review Office, Fáilte Ireland, etc. each of which will work right here in the hub, alongside colleagues from the local LEO office and Limerick City & County Council with support from local third level and further education and training providers.

Perhaps more than any region in Ireland, the economy of Limerick is a microcosm of the national one – with a diverse and well-balanced local economy comprising wholesale and retail (accounting for 13% of local jobs), human health (12%), accommodation and food services (7.1%), construction (6%), agriculture, forestry and fishing (6%). We are therefore recommending changes at local level to be trialled in Limerick as a Phase 1 of changes which can then be scaled across the nation.

But most importantly, Limerick can lead the introduction of changes and supports which need to take place across the country to adapt to the new meaning of the “workplace”. With Innovate Limerick and its co-workplaces like the Engine in Limerick’s Georgian core the county is already well on the right road. But more can and must be done. Limerick must adapt to become a leading location for SMEs operating in a new distributed way by providing locations for team members working from many different locations whether those bearing the firm’s logo, a new co-working space or a home office.

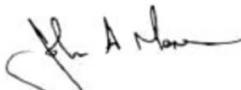
In this report, we make bold recommendations given the seriousness and scale of the crisis. We also leave the door open to other ideas which can come forth as the report is debated.

In drafting the report, we have been galvanised to include our ideas by the positive reactions both from our ad hoc drafting committee and the other business owners we have consulted along the way.

We all know that, without strong governance, recommendations can remain ideas on a shelf. It is why we also recommend new governance structures like a new Limerick SME Recovery Task Force to be led by the Limerick’s first citizen so that priority and focus is given to the implementation of the steps needed to save our SME sector.

A strong, integrated response package is now required to rebuild shattered businesses and communities all over our county. Supporting these business owners, our friends and our family, so that they can get back to work is the best way to rebuild our local economy.

*Supporting business owners, our friends and our family, so that they can get back to work is the only sustainable way to rebuild our local economy.*



**John A. Moran**

**RHH International**



## 1 Overview - Recommendations and New Governance

A county's economic success is closely linked to a pro-business environment. Making operations easier for existing firms and facilitating the entry of new ones into the marketplace promotes growth and competitiveness. We need a thriving community of agile SMEs working in a distributed manner, better capitalised and resilient to shocks and change. That will be a key part of creating a better Limerick for all of its citizens.

While regulations governing business creation are necessary, their implementation can sometimes turn into a difficult and costly process, thereby discouraging entrepreneurial activity.

Ireland's ranking in the "Doing Business" international rankings fell across key indicators. Starting at a local level, we need to reverse this trend by improving how firms start a business; deal with construction permits; get electricity; get credit; and resolve insolvency. Why have the numbers of days to start a business in Ireland increased from 5 to 11?

*We need a thriving community of agile SMEs working in a distributed manner, better capitalised and resilient to shocks and change.*

Many of our micro, small and medium sized businesses are also undergoing a severe crisis, particularly in hardest hit sectors like hospitality, retail and tourism and personal services. Others who have sustained their business models are finding it increasingly difficult to get the funding they need to survive and grow.

In this report we have tried not to shy away from the reality that bold recommendations are required given the scale of the crisis. We leave the door wide open for other better ideas than ours but we put forward some specific ideas as we need to start somewhere and quickly.

Certain common threads appeared in all of our discussions: -

- We need to rethink the importance of SMEs to our lives and make it easier for entrepreneurs to navigate the formalities of starting a businesses or for family members to take over an existing one and then support them to sustain and grow it over time,
- We need to think about the new ways of doing business in the post-pandemic world and especially the physical infrastructure (including robust broadband) which can make these businesses successful in a post-COVID environment where our ideas of the "workplace" have changed completely,

- We need to think about the governance structures to ensure all of the disparate threads of support operate as successfully as they must for a thriving SME sector in our region,
- We need to think about how we provide the educational supports and training for the owners of these businesses and the talent they need, and
- We need to think about the financing supports needed for these local businesses to grow in a sustainable and resilient manner, and to be able to absorb shocks to their business.



*We make a key suggestion for the immediate establishment of a new Limerick SME Recovery Task Force to be chaired by the Mayor.*

the beginning of the action list of that Task Force.

In the following pages, we use 5 key principles to frame recommendations to respond to the crisis which has hit our local small businesses. We then identify building blocks/actions which should be introduced, both in the short -term and over a longer period to realise these recommendations.

***Recommendation 1: Make supporting SMEs a key priority for the local economy***

- The pandemic has highlighted the key role of SMEs in our local community. Local and regional support bodies need now to reprioritise their ecosystems to deliver a thriving community of agile SMEs, supported regardless of sector and size. The highest level priority must be saving and creating businesses and jobs and this can be done by setting up a new SME Reecovory Task Force chaired by Limerick's Mayor.

***Recommendation 2: Extra support for SMEs to navigate the new post COVID normal***

- Local government actors need to do more to help local business to innovate and increase productivity, for example, by developing their online offerings. Limerick should provide new physical infrastructure for small businesses that house all necessary supports under one roof and allow co-working for sharing of best practices. Central government could assist with tax incentives or funding for co-working spaces.

***Recommendation 3: Develop a single umbrella government support agency for SMEs***

- We support calls for a new national agency to support the SMEs and their 800,000+ employees not within the remit of the IDA and EI. Even if not yet in place at a national level, Limerick should act by providing "single door" support by using the economic division of LCCC to create a single advocacy voice and centralise and distribute support for these forgotten firms.

***Recommendation 4: Enhance training and upskilling opportunities and support with SMEs in mind***

- Provide and support a full range of educational options relating to general business ownership and management alongside sector specific training and upskilling schemes. Explore pathways to open up more apprenticeship options to access pools of alternative and required talents.

***Recommendation 5: Establish an SME culture of long term planning and financial resilience***

- Implement and promote a range of measures that ensure small business build up financial reserves over time to survive future shocks and reduce reliance on emergency state supports..

Our local businesses need us all to be generous in adopting these changes. But most of all, they require speed of implementation and a rigorous review by political representatives to ensure that money is well spent and that the most pressing problems are being met by the most inventive solutions. That is why we are also recommending new forms of public accountability via The Economic Development, Enterprise and Planning Directorate and semi-annual reporting to The Economic Development, Enterprise and Planning Strategic Policy Committee, Limerick City & County Council for those charged with the tasks we are recommending. What is measured and reported on gets delivered.

## 2 Pandemic Losses for Business

Some businesses have been able to operate through the crisis, most have not been so lucky. For the latter ones, bills and costs have continued to accumulate, trading income may even be reduced to zero and with that unemployment has soared in the community. These losses have arisen, not because of a failure of business models, but because they were asked to close their doors to protect the health of all of us. Increasingly, EU governments are following the early lead of Denmark in offering significant compensation to businesses for these losses.

A recent local report by Limerick Chamber indicated that locally unemployment shot from 4.9% prior to COVID-19 to 32% during lockdown, with latest figures showing it has reduced to approximately 14.5% (prior to level 5 restrictions being introduced). Nationally youth employment in particular is becoming a worrying issue with the National Youth Council of Ireland stating that 45% of young people in the labour force are currently unemployed - with 90,000 under-25s claiming the Pandemic Unemployment Payment. The scale of losses nationally and locally is unprecedented. The Central Bank of Ireland had estimated that the losses from the first lock down would destroy over €10 billion of business capital. A crippling amount of those losses are being borne by businesses right here in Limerick.

The Government is to be congratulated for introducing many commendable reforms to the supports for business and their employees – the employment wage subsidy scheme, the pandemic unemployment payment, the credit guarantee scheme, the working capital scheme, the COVID Restrictions Support Scheme (CRSS) and others are all welcome emergency business support measures. But despite efforts to bolster debt financing options and change the credit guarantee scheme terms, the failure of lending supports to reach their expected targets shows that the solution is not just cheaper and available debt. What was initially a liquidity crisis has quickly evolved to become a solvency crisis. This is complicated by pressure on pre-pandemic business models too.

*A recent local report by Limerick Chamber indicated that locally unemployment shot from 4.9% prior to COVID-19 to 32% during lockdown.*

In the absence of a silver bullet solution we need to develop a strong patchwork quilt of supports, rebuilding equity on balance sheets, better funding options, reskilling and encouraging innovation. As these realisations hit home, the pandemic has also identified a clear gap in the agency support structure for small and micro business. Evidence shows that many of these small businesses struggle to navigate, understand and avail of suitable supports, and feel isolated and lack a coordinated voice.

## 3 Decentralised SMEs - A New Way of Working

The Covid-19 pandemic has also caused fundamental resets in the way many businesses operate, where and how their employees work together and the way they reach customers.

The transition back to working in typical office environments will be gradual and slow in many cases. We must look ahead to ensure that the workplace of the future offers all the collaboration and innovation benefits, while being safe and resilient in the long term. For many employees, the ideal workspace will be a toolkit of offerings that allow them greater flexibility and choice, with trips to head office limited for essential reasons only. With a smaller HQ and a distributed network of satellite offices or shared spaces, firms can facilitate face-to-face collaboration and simultaneously allow more employees the opportunity to shorten their daily commute (enabling cycling and walking) and live in their community of choice.

Throughout our society changes will need to be made, and a new normal embraced. This is not just an issue for big firms. Small and micro firms will have to embrace new working practices and digitisation, become more productive, more resilient but also leverage local supports and clustering. Even traditional businesses such as pubs, construction firms, small professional firms, and farmers' market retailers have seen their way of doing business dramatically changed in recent months. A strong and supportive set of measures will be vital to ensure that as many and as diverse a group of businesses as possible can navigate through the new normal in order to preserve an important part of our society.

*Small and micro firms will have to embrace new working practices and digitisation, become more productive, more resilient but also leverage local supports and clustering.*



These changes will also change the way many of us live our daily lives. Long daily commutes to central office locations may be a thing of the past for many. This puts different demands on local services whether in rural or suburban locations or in former business parks or city centres. It will also create new opportunities as we reinvent the Monday to Friday lives of our rural villages, towns and suburbs or regional cities. Some businesses will benefit while the crisis will deepen for others unable to adapt well to changing circumstances.

#### 4 Human Capital Impacts - Education and Training is Essential

It is an unfortunate reality that some traditional jobs and roles will become obsolete due to the pandemic. Education will be a key factor in determining how well our economy performs in a post-COVID landscape and how adaptable our labour force will be to future change. Since SMEs are a large part of the economy, the recovery plan for the SME sector must include a new style of education provision to deploy the necessary human capital required to strengthen the sector. Education can be used to facilitate job creation, job retention and job mobility as part of the overall recovery programme.

With certain traditional sectors struggling we will need to equip people with the skills to easily transfer from one sector to another, thereby building an agile and mobile work force. For example, demand in technology and pharmaceuticals is highly likely to increase due to the demand in the health sector and also the continued digitalisation of commerce and work. It will be important that training and upskilling opportunities are offered on a flexible and part time basis to accommodate those that are working or have reduced work due to COVID to ensure a more inclusive programme and that we are not excluding those that otherwise might excel in these programmes.

It is, however, also critical that we fill gaps in the skillsets of our business owners. Many have limited understandings of financial management skills, accounting, project and corporate finance and the management skills required to grow a business in a resilient fashion. This idea is echoed by the recent OECD Ministerial Council recommendation that members adopt national financial literacy strategies and financial education initiatives.



It will also be important with the introduction and expansion of existing programmes that we are addressing the right areas and not creating potential productivity loss. Ireland has issues with underqualification but also importantly with overqualification, which can lead to lower earnings, lower job satisfaction and higher churn of workers. Therefore, accurate and up to date forecasts are needed to determine those areas where there are a shortage and surplus and people aren't receiving expanded skills and education unnecessarily.

It is also important that we leverage online channels and the existing high quality educational institutions in the Mid-West in delivering this training. But equally important an umbrella structure for life-long progression would be an important factor in making sure that the business owners continue to remain challenged and understand and embrace the ever changing backdrop against which they run their businesses, including opportunities created by proper spatial development of our region.

## 5 Methodology

Our rapid stakeholder engagement has resulted in the development of five guiding principles which have been used to guide our proposed response to the request from The Economic Development, Enterprise and Planning Strategic Policy Committee, Limerick City & County Council for a report outlining measures we should take here in Limerick to aid our SMEs.

Our five guiding principles have informed a list of recommendations, with immediate and strategic building blocks/actions suggested for each so that the recommendations quickly turn into actionable building blocks. They apply regardless of sector.

Our list of actions is not exhaustive but represents what we feel, given the short time available to us, is a good starting point for a local implementation plan.

*Our five guiding principles have informed a list of recommendations, with immediate and strategic building blocks/actions suggested for each so that the recommendations quickly turn into actionable building blocks.*



## 6 Key Guiding Principles

The following principles need to be adopted at the heart of any National/Recovery Plan and enshrined in local policy and implementation.

### **Key Principle 1 – SMEs are vital to our social fabric**

- SMEs provide critical jobs at a local level across the country and anchor our communities. They provide innovation and ingenuity at the heart of our communities.

### **Key Principle 2 – Navigating the new normal is vital for SMEs**

- In the post-COVID era, the world will be different with many of the challenges currently faced by some sectors likely to linger throughout the medium to long-term.

### **Key Principle 3 – Supports should be streamlined and easy to access**

- The pandemic has highlighted both confusion and lack of familiarity on the part of small business owners and staff to the availability and use of support structures and the role of government.

### **Key Principle 4 – Education and Upskilling are vital to underpin a more robust future**

- Uncertainty around the future of certain sectors has brought about the need for broader knowledge base and an easy to access system of upskilling supports.

### **Key Principle 5 – Successful SMEs need to be financially resilient**

- Emerging from the shock of COVID closures/restrictions, SMEs need to rebuild their balance sheet equity to absorb further shocks and build for growth. They may need further government support to do so.

## 7 Recommendations and Actions

Our plan utilises the key steps to recovery we believe have been identified in the government's [National Recovery Plan 2020-2021](#) and explores the issues and solutions from the perspective of SMEs in Limerick and how best to position Limerick SMEs to respond to national measures.

Our recommendations generate both immediate actions, to protect firms struggling with the effects of the pandemic, and strategic (long-term) actions, which build resilience and robustness into those sectors which have been found to be fragile and under supported.

But most importantly, we recommend a new SME Recovery Task Force, led by Limerick's first citizen, to drive implementation of the actions and report publicly against progress. The Task Force can also adjust the pathway to recovery in light of changing circumstances or as new national level supports are introduced.

After consideration of our panel, the full list of actions we recommend are:

*Most importantly, we recommend a new SME Recovery Task Force, led by Limerick's first citizen, to drive implementation of the actions and report publicly against progress.*

## Recommendation 1: Make supporting SMEs a key priority for the local economy

### Short-Term Actions

#### R1.S1 *Mapping of small and local businesses across the county.*

- Improved and in-depth knowledge of the local economy is key to focus supports where they will work best and on those who need it. We must quickly develop and keep accurate an accurate database of local business in Limerick, including contact details, size, sector, level of engagement with local supports, etc.

Addressing  
Recommendation 1:  
*Make supporting  
SMEs a key priority  
for the local  
economy*

#### R1.S2 *Bi-annual reporting to SPC on performance of the SME*

*sector and annual sector development plan to be produced and reported on to the SPC and the CEO of Limerick City and County Council*

- Regular reporting and reviews will allow for a more agile approach and response and allow for performance to be monitored by elected representatives, and will help to generate feedback on what is working and what is not working to be disseminated to all key stakeholders.

#### R1.S3 *Establish an SME Recovery task force to build on the recommendations in this report and develop a 5-year SME Action Plan for recovery and growth for Limerick*

- The creation of a targeted taskforce will ensure collaboration and engagement occur, and that the recovery strategy is followed and pivoted as needed. The taskforce should contain representatives of industry sectors, Limerick Chamber, urban and rural SMEs and be chaired by the Mayor and/or CEO of LCCC to ensure that the full support of LCCC and elected representatives.

#### R1.S4 *Develop “Made in Limerick” as a premium brand and a campaign to publicise it under the Limerick Edge Embrace umbrella and do all to encourage more local shopping*

- Current consumer sentiment to buy local and support local industry should be maximised. Every effort should be made to ensure local products and services are promoted through all available communication channels and made as easy to access and procure as possible.

### Medium-Term Actions

#### R1.M1 *Development of a strong engaged network of firms across all sectors and locations*

- Ensuring the local business ecosystem is connected, engaged and can contribute is vital for SME recovery as well as regional development. An engaged ecosystem will deliver economies of scale that independent business alone cannot generate, and through collaboration can help generate and sustain innovation and business evolution across all sectors.

#### R1.M2 *Support Local Business Groups in each town*

- Local business groups and Limerick Chamber drive collective improvement of regional towns and business by creating a unified voice for their members, fostering collaboration and lobbying for best suited local supports and infrastructure improvements. Each town with a population of say 2500+ inhabitants should have a local business group.

#### R1.M3 *Development of a digital SME “Pavilion to showcase the best of what Limerick SMEs have to offer*

- We need to improve how we showcase what Limerick SMEs have to offer to locals, to visitors to the city and to the world beyond. This could be part of the enhanced “Shop Limerick” project.

## Recommendation 2: Extra Support for SMEs to navigate the new post COVID Normal

### Short-Term Actions

Addressing  
Recommendation 2.  
Extra support for  
SMEs to navigate the  
new post COVID  
normal

#### R2.S1 Appointment of a Digital Innovation Mentor for SMEs

- To accompany SMEs on the journey of innovating and coordinate supports for same including enhanced new supports for website projects by SMEs.

#### R2.S2 Agreed targets for digitisation of businesses in Limerick

- Without targets and measurable KPIs, things might not be moving at a sufficient speed. As part of the SME action plan for recovery (R1.S3) we need targets for firms such as percentage of firms online, percentage of firms able to accept payments online etc.

#### R2.S3 Commission a report to assess the new opportunities/challenges from decentralised working

- The report should propose new actions for LCCC to support firms to navigate and take advantage of same and position Limerick as an ideal location for decentralised firms. The report should include a focus on the new retail opportunities arising from a more diversified workforce during business hours in locations across the county and how to support retail in locations where the number of workers is now much reduced.

#### R2.S4 Taking advantage of measures to combat climate change

- National actions to meet climate targets provide an opportunity for Limerick firms to take advantage of structural changes to generate employment. Limerick should lead in the retrofitting of private and public homes and offices and secure funding for same. Local workers who have lost their jobs to COVID should be retrained to carry out the retrofits

### Medium-Term Actions

#### R2.M1 Development of a hub and spoke network of co-working locations

- Development of a hub and spoke network of co-working locations with strong connectivity via public transport to other national locations (e.g., close to Colbert Station) and other villages and towns across the county and a scheme whereby Limerick firms can avail of such locations for staff meetings/work and client meetings and networking and sharing of best practice.

#### R2.M2 Fully virtual 3D imaginary Limerick shopping experience.

- Limerick online portal for customers to shop virtually in retail businesses in the city and main towns across county. This should build on the “Shop Limerick” project and be marketed to get the highest visibility nationally and become an attractive alternative to other large online shopping platforms. More immediately, we need an application for funding to be submitted.

#### R2.M3 Support for new markets responding to Brexit and post-COVID changes

- LCCC and the Mayor of Limerick should annually sponsor a rolling set of new 3-year plans for the development of a new target EU market for local firms, highlighting there the advantages of Limerick as a location for the creation of a businesses or the development of JV partners. Each 3-year plan to culminate in a twinning event to officially launch each new market.

#### R2.M3 Promote a Network of Local Farmers' Markets:

- Appoint an officer to drive the development of a network of local farmers' markets possibly travelling across the county to take advantage of more stay at home workers and a need for local producers to find new ways to access markets.

## Recommendation 3: Develop a Single Umbrella Government Support Agency for SMEs

### Short-Term Actions

#### R3.S1 SME Support Mapping and Communication

- Publicise a mapping of all existing SME supports (agencies and programmes, local, regional and national) for Limerick firms noting the functions and local contacts for each.

#### R3.S2 Creation of an SME “agency” grouping

- Until a national SME agency is set up with regional offices, create a de facto single SME “agency”, by grouping the governance of existing supports like the LEO into a single governance group which is chaired monthly by the CEO of Limerick City and County Council (or the new, directly elected Mayor) in order to ensure streamlined services to all SMEs in the county and identify any overlaps, gaps or weaknesses in the delivery of those services.

#### R3.S3 Limerick Consumer and Business Sentiment Survey

- The SME “Agency” should sponsor monthly or bi-monthly sentiment indices which will be key to providing evidence for policy intervention. This will also allow the surveys to be used to solicit the public’s views on new ideas, like what additional retail offerings are needed.

#### R3.S4 Business Viability/Resilience Index

- The recent crisis highlighted a shortage of reliable information on SMEs in Limerick as much as nationally. A single Agency with access to data on Limerick businesses should annually assess and report on the viability and financial resilience of Limerick based businesses. The agency can measure stress and/or saturation in the market, identify areas where there is excessive competition or market opportunities as part of the SME NCT (R5.M4).

### Medium-Term Actions

#### R3.M1 Housing of all SME services in a one-stop support facility

- Provide a one-stop facility of SME services in an identifiable building (a form of Limerick Enterprise House) in Limerick city centre – staff to include representatives of all government agencies like the Credit Review Office, MFI and others as well as LEO and Innovate. This office should be virtually connected with other support offices/co-working locations in the main towns across the county so that firms can access support more locally while working in other locations

Addressing  
Recommendation 3.  
Develop a single  
umbrella  
government support  
agency for SMEs

## Recommendation 4: Enhance Training and Upskilling Opportunities and support with SMEs in mind

### Short-Term Actions

#### R4.S1 Basic financial literacy training

- Develop a short online financial literacy training programme leveraging existing LEO training and business mentoring programs. Programme should cover topics such as: how to manage cash and balance sheets to survive the crisis, basic cash flows, importance of equity, different options to finance your business – and create a system of financial rewards for firm owners taking such a programme successfully or demonstrating equivalent competencies.



### Medium-Term Actions

#### R4.M1 Apprenticeship and Scholarship Model (ASM)

- The ASM model allows people work for a company receiving on the job training and a salary – all while achieving a third level qualification. This will encourage those that may not have chosen to attend college to work while attaining formal education helping to inject stimulus and skills into the local economy.

#### R4.M2 Encouraging Mobility

- We need to create an agile and mobile work force. There are two key mechanisms which are already in place which can be expanded to encourage this mobile labour market, Skillnet and Springboard+. We recommend the expansion of these programmes with a greater number of places and courses with an emphasis on flexible and part time learning to accommodate those that are working or have reduced work due to COVID. We also recommend digitisation training for existing businesses and SMEs.

#### R4.M3 Addressing skills mismatch and over-qualification

- It is important with the introduction and expansion of existing programmes that we are addressing the right areas and not creating potential productivity loss. Studies are needed to determine those skills and education areas where there is a shortage, but also where there is a surplus to ensure people aren't receiving expanded skills and education unnecessarily. This assessment should be completed at a national and regional level.

#### R4.M4 Starting Young

- It is important that we create and support the development of entrepreneurship skills at primary and especially secondary school. Schools like CBS Sexton Street which has already begun to develop an entrepreneurship centre (eN Centre) should be encouraged and facilitated to implement ambitious plans serving a broader number of school age budding entrepreneurs.

## Recommendation 5: Establish an SME Culture of Long-Term Planning and Financial Resilience

### Short-Term Actions

#### R5.S1 Covid Support Team

- Establish a single team from within the LEO and the rates section of LCCC to proactively ensure that all Limerick firms take full advantage of the COVID supports, including the new compensation scheme from national government and discover and support all those firms suffering stress and entitled to compensation.

*Addressing  
Recommendation 5:  
Establish an SME  
culture of long term  
planning and  
financial resilience*

#### R5.S2 Business Advisory and Support Network

- Create a one-stop subsidised network of business advisor and other supports to accompany SMEs trading in stressed circumstances and ensure the recovery of as many firms as possible or orderly closure of the business to reduce contagion to other firms.

#### R5.S3 Local SME Financing Task Force

- Establish a task force within the LEO and with Limerick Chamber and local bank representatives, chaired at Director level, reporting to the Limerick SME Recovery Task Force, to drive funding options and credit review support for Limerick firms struggling to stay alive or secure funding. The task force can report on use of schemes and recommend changes for supports to operate efficiently and well.

### Medium-Term Actions

#### R5.M1 SME Rainy Day Fund

- Continue to advocate for supports to encourage SMEs to build up equity to resist future shocks – along the lines of the SME Rainy Day fund idea of SME Recovery Ireland

#### R5.M2 Decarbonisation Fund

- Advocate to secure funding for a series of grants for decarbonisation of Limerick SME activities

#### R5.M3 Equity Fund

- Secure private and public sector (ISIF) funding for an Equity Growth Fund for enterprises headquartered in Limerick, to support both start-ups and firms in a growth cycle

#### R5.M4 Annual SME NCT

- LEO or SME “Agency” should conduct annual assessments of the level of resilience of SMEs across the county to identify any vulnerabilities and recommend remedial actions which can be considered by the SME Task Force (R1.S3) and actioned to respond to any deterioration in core KPIs for the sector as part of the semi-annual reporting to the SPC

## 8 Using Limerick and the Mid-West Region as a Launchpad

We believe that Ireland's Mid-West region represents the ideal location in which to roll out a new generation of SME support structures and within the 5-year time table of the National Recovery Plan start to see a thriving community of agile and resilient SMEs working in a distributed manner. Existing regional strengths include:

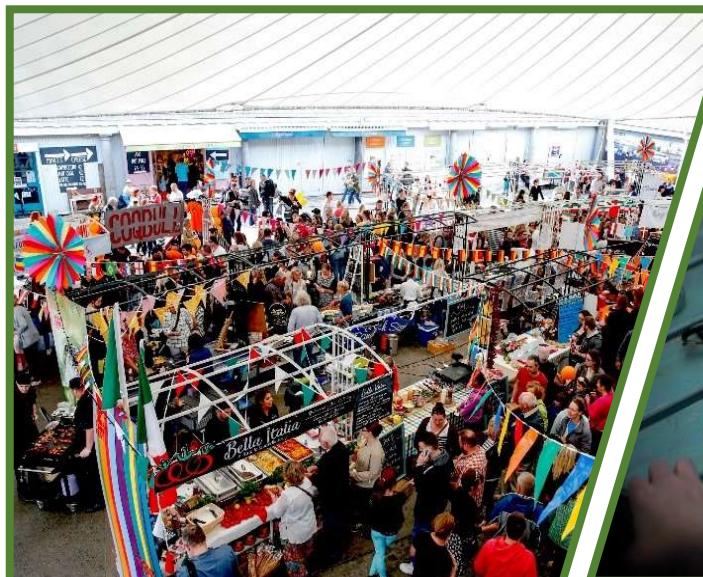
- One major central city surrounded by a number of smaller regional towns of varying size, including Newcastle West, Shannon, Ennis, Nenagh and others,
- Limerick is centrally located within 90 mins drive of Ireland's three other main regional cities and 1.2 million people.
- Innovative pro-business initiatives from LCCC like an active LEO, Innovate Limerick, LEDP and Limerick 2030, supporting projects like Troy Film Studios and the National Social Innovation Centre,
- An existing network of higher education and training providers,
- Broad range of SMEs across all sectors,
- Innovative, supportive local government with collaboration between Limerick, Clare and Tipperary,
- The region has already shown innovation in responding to Covid-19, with notable pro-business pandemic responses including:
  - The launch of the 'Lean on Me' initiative for vouchers for temporarily shut business.
  - 'Shop Limerick'; providing local SMEs with an online presence
  - 'Limerick Tourism Taskforce' to act as a unified voice for badly affected tourism and hospitality SMEs
  - Proactive measures to improve footfall in towns and cities such as free parking, widening of footpaths, improved cycling infrastructure and pedestrianisation of some streets.

These and other actions have allowed Limerick City to outperform other urban centres in its Covid-19 recovery with Limerick city centre returning to 78% of pre-pandemic levels when restrictions were lifted, compared to Cork at just under 40%, and Dublin's O'Connell St at 50%.

But even though this is some comfort, the reality is that many businesses are still hurting and some are at serious risk of closing forever. We need strong action quickly. We commend this report to you.



**LEAN ON ME**  
**#LiveableLimerick**



## Annex A - Additional Detail on our Key Recommendations

### A.1 A Single Limerick SME “Agency”

The pandemic has highlighted a weakness in the current national strategy for business support; i.e. the lack of a single unified strategy and structure supporting SMEs. The OECD report recently identified the need for a comprehensive SME policy. Most SMEs in Limerick currently fall well outside the remits of Enterprise Ireland and the IDA. Some but not all are supported by the Limerick LEO. SME Recovery Ireland and others have argued for a new SME Agency at national level. The establishment and activation of such an agency would be a medium- to long-term task for national government as it is likely to require implementing legislation.

The OECD in a recent report also pointed out that “one-stop shops” can provide “win-win” outcomes for governments and businesses by improving both service and compliance with regulations. Business can more easily locate forms, supply information once for multiple purposes, and do business more easily. Governments can receive better quality information in the first instance, and improved compliance rates that reduces the amount of resources needed for enforcement<sup>1</sup>. There is no universal one-stop shop model for all circumstances, and the benefits are likely to vary by sector.



Against that backdrop, without needing to know if there will be a new national SME agency, there is work Limerick can do immediately in the shorter term.

At the highest level, an SME Task Force bringing together representatives from all sectors, including national government representatives, to be chaired by the Mayor, should be established as a matter of urgency to identify the key requirements of any future small business support strategy for Limerick and track implementation.

<sup>1</sup><https://www.oecd-ilibrary.org/sites/b0b0924e-en/index.html?itemId=/content/publication/b0b0924e-en>

The rest of the existing supports could operate in a fully unified way creating a de facto single “SME Agency” to support businesses to begin life, develop, survive shocks and grow regardless of size or sector.

Pending any necessary regulation/legislative changes, the new Limerick SME “agency” will operate on a de facto basis as a single umbrella “agency” reporting to the Director of Economic Development through a Limerick SME State Agency group, chaired by the Director of Economic Development. As required, this SME state agency group will consider sub-governance groups to cover off areas like education, physical infrastructure (hub and spoke), funding and digitisation of SMEs in Limerick.

The new “agency” will continue to disseminate its strategy through representatives of the varying government agencies and local authority departments and other not-for-profit supports which receive local authority funding, but develop a single annual business and operating plan to ensure a single coordinated approach is delivered and that firms operating in Limerick have only one approach to make to understand and secure support.

National developments/agencies (like the Credit Review Office, MFI etc.) who do not already have a local presence in the Mid-West will be asked to consider appointing a local representation who can operate within the single framework.

Amongst the important responsibilities the new “agency” will cover are:

- Developing a Limerick strategy for support of local SMEs and micro businesses
- Delivering robust financial support schemes for small businesses across all sectors
- Promoting education, training and upskilling programmes for SME owners and employees
- Integrating and aligning the work of the “agency” with other support agencies at national level such as Enterprise Ireland, IDA, etc. as well as national strategy
- Developing schemes and action plans in preparation for future national emergencies
- Working to ensure the completion of specific post-COVID strategies for sectors like retail and tourism

## **A.2 Distributed Co-Working Centres to Support Hub and Spoke SME Workforces**

Firms are rethinking how they will operate now with workers no longer coming to a central office five days a week but working remotely. The changes imposed by COVID are expected to continue in some form after the pandemic.

This creates challenges for firms to continue to operate effectively and maintain innovation and a clear sense of business culture. It raises mental health risks for employees that need to be managed well. But it is not all bad. IT may give access to new pools of talent over a broader geographic area. It also presents opportunities for the revitalisation of rural towns and even for the growth of Limerick city as a location to be developed in line with Project Ireland 2040 as a counterbalance to the magnetic dominance of Dublin.

There is an opportunity to drive these trends in very positive ways with assistance from LCCC and the single Limerick SME Enterprise “Agency”.

We are recommending a strategic rethinking of the infrastructure we provide for local Business Support Structure where the avenues to support are streamlined and co-located at recognised local buildings. Efficient and effective use of a Hub and Spoke model is preferred, where spokes provide connectivity, physical infrastructure and supports (education, funding, etc.). County Limerick can lead but to be fully effective we envisage a proper hub and spoke set of centres right across the Mid-West (and ultimately once working well beyond) to include towns like Ennis and Nenagh to allow people to cope better with dispersed workforces.

We therefore recommend that the Mid-West Region, with Limerick as its hub be designated and trialled with funding as the lead location for Ireland's first fit for purpose home for the new SME's with dispersed workforces. Limerick is a central location for a population of 1.3 million people living within 90 minutes commute of the city. It already has a successful track record of leading local government reform. LCCC should ask to be designated and funded for Phase 1 of such a national programme.

*We therefore recommend that the Mid-West Region, with Limerick as its hub, be designated and trialled with funding as the lead location for Ireland's first fit for purpose home for the new SME's with dispersed workforces.*

The specific output will be a physical network of connected locations, with the main hub in Limerick city, local spokes in larger towns/villages across the county and shortly thereafter an integrated network of spokes in all other towns in the broader region.

As Limerick has a limited number of co-working locations at present, new or existing public buildings will be quickly repurposed to develop a network of sufficient scale. Private sector or charity funded co-working locations will also be encouraged and facilitated with tax or other incentives to be part of the network/ and integrated into the services.

This support network should open to all employees and business owners, community focused, with fees charged for consumables and space allocations for micro firms on a recovery basis. The network should be marketed nationally and regionally so that all business across sectors are fully of aware of the supports available.

- Internet access and printing capabilities,
- Shared desk space,
- Meeting rooms,
- Parcel drop off ("Click and Collect") and pick up for retailers/businesses - giving people a further reason to come to the local town etc.,
- Centralised jobs boards and recruitment support,
- A place to showcase Limerick products and services,
- Regular training courses, lectures and
- A centralised location for vendors to come to promote products and services which can enhance how SMEs do business.

## Annex B - Retail as a Sample Sector

The impact of the suggestions we have made while not sector specific are best understood when applied to a sector like retail with which we all interact daily.

### B.1 Retail (Start-up)

A one stop shop of SME Supports will assist an individual(s) hoping to set up a retail business in the following ways:

- Market Research – a crucial element to establishing a retail business is to identify demand for your product and the level of competition. Limerick city centre (like other regional cities) has a high turnover rate in some of its commercial units. This is largely due to the establishment of businesses in niche markets that do not have a strong demand base and are therefore unsustainable in the long term. The research team of a one stop shop would provide ready-made market research on how different businesses are performing in Limerick.
- Access to Credit – this is commonly cited as the most significant challenge to starting a small business. An on-site financial advisor could assist an individual in determining what credit facilities are available to them and completing the necessary paperwork. Having a local office of the Credit Review office would help deal with any issues at funding stage.
- Location – one of the most common reasons cited for a retail business failing in its first year is poor location. The one stop shop could develop a database of commercial properties available to buy/rent and assist the individual in connecting with the appropriate auctioneers. Alternatively, if the plan is for the business to operate from the owner's home for the first couple of years, then a communal 'click and collect' facility could be established in the SME Enterprise Hub and its various spokes across the region.
- Regulation & Compliance – this is cited as the second most significant challenge in starting a retail business. Individuals will be tutored in developing a comprehensive understanding of areas such as: health & safety and access regulation; insurance; commercial rates; registering for income tax and vat; consumer rights; and, staffing and employment legislation.

### B.2 Retail (Existing)

Many retail operations in Limerick have been very badly hit by the crisis. Renewed focus through the Limerick SME Recovery Task Force should mean greater use of measures to support the firms and identification of Limerick specific measures which can help.

Several of the challenges facing the Irish retail sector have been exacerbated in the wake of COVID-19. "Bricks and Mortar" retail has been in decline primarily as a result of the increase in online shopping. Most retailers recognise that conventional forms of cost cutting are no longer enough to shore up margins and rebuild the business. Even after the aggressive cost-containment strategies rolled out in the immediate aftermath of the response to COVID-19, most retailers recognise they will need to go further if they hope to return their business to profitable growth in the years ahead.

It is no longer simply a question of reducing costs. Rather is more about investing where you can have most impact. Some of the more obvious places for investment include new technologies to improve the efficiency of supply chain management and inventory management. These are areas that could yield significant value if the right technologies and operating models are implemented. However, evolving from a traditional retail

model to an e-commerce or online model for the first time can seem daunting, particularly in the current situation where time is restricted, and funding is limited.

A more focused educational support offering in Limerick for SMEs would provide more bespoke training to retail firms navigating these changes.

While some retailers have already embraced the online opportunity, others have not, and those with no existing online or delivery channel will struggle to survive. Prior to the pandemic just 69% of small and medium-sized enterprises in Ireland had a website but only 32% of these online companies sell products or services online<sup>2</sup>. Although a Trading Online Voucher scheme has been expanded to provide vouchers of up to €5,000 to support digital enterprise, an effective online presence is likely to cost much more than this as the SME will have to maintain and market the new site. A solution for retailers who are now building their online presence from scratch would be to partner with a platform provider, so they can establish their presence as quickly as possible, and in a more cost-effective way. Also, the cost of a quality online presence is often the same for smaller retailers as larger ones and so financial supports should not necessarily just be a function of revenue size.



Shop Limerick is an innovative virtual marketplace developed by Limerick City and County Council in partnership with the Local Enterprise Office and Limerick Chamber. With the right resources there is significant potential to expand this existing shopping directory to support many more of the small retailers who have yet to establish an online presence.

The physical infrastructure afforded by the Hub and Spoke model of the SME Enterprise “Agency” would lend itself to be incorporated into a more efficient county side delivery (“Shop and Click”) model for goods being sold through “Shop Limerick”. Equally, a focus on a network of farmers markets across the entire county will tie into the growing consumer desires to shop local and buy fresh produce as well as help create a sense of space contributing to the revitalisation of rural villages and towns and neighbourhoods across the city. This aligns well with the focus on building up activity in rural villages and towns as part of supporting distributed SMEs and using that change to support a greater retail offering.

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<sup>2</sup>SME Digital Health Index