

# We've been betrayed, say the small firms fighting for survival

[Callum Jones](#) , Trade Correspondent Friday April 03 2020, 12.00am, The Times

## From confusing rules to obstructive banks and a struggle to help their workers, desperate owners face a litany of problems. Callum Jones reports

Andrew McRae, of Museum Context, says he is determined to fight on. Brad Cummings' and Gazz Williams'



Tiny Rebel brewery has lost 80 per cent of business, while Rowena Howie has shut her shop but cannot speak to her bank

The spotlight has fallen on Britain's biggest companies in recent weeks with billions of pounds wiped off stock market leaders, airlines grounded, supermarkets besieged and banks under pressure to help prop up famous firms.

But what of the country's [smaller businesses](#)? There are 5.9 million firms which form the backbone of the economy, employing some 16.6 million workers. For many the path ahead appears bleak. Almost [one in five](#) may not survive the next four weeks under projections from the Corporate Finance Network.

While industry leaders have welcomed Whitehall's vast bailout scheme, they continue to seek urgent assistance for the thousands of companies that are left out.

Rishi Sunak, the chancellor, is today extending the government's assistance, prohibiting lenders from demanding personal guarantees from the directors of small firms and taking steps to ensure more companies can gain access to funding.

Still, confidence has collapsed in almost every sector as the financial realities of Covid-19 seep into every corner of the economy. Businesses thriving only weeks ago are scrambling to make ends meet. As they grapple with lockdown restrictions over the weeks ahead, the scale of their task remains unclear but will be nothing less than massive and for many it will be insurmountable.

## **TIME FOR BANKS TO REPAY PUBLIC**

John Nollett has a message for lenders hesitant to support companies teetering on the brink. "My personal view is in 2008 we, as taxpayers, bailed out the banks," he said. "It's for the banks to now repay all those taxpaying citizens and ensure they still have jobs."

The shutdown of the automotive industry has had devastating consequences for smaller suppliers up and down the country. Mr Nollett, 51, runs Pressmark Pressings, which supplies Honda, Nissan and Jaguar Land Rover with metal components from its site in Atherstone, Warwickshire. The business, founded 48 years ago, has now furloughed the vast majority of its 90 workers.

Having cut his own salary "all the way down to zero," he is focused on protecting as many jobs as possible. "The most worrying thing is we don't know when this will come back up," Mr Nollett said. "We're therefore having to protect cash and we're prioritising the staff over and above everyone else. If we come back to work without any staff, we won't be able to serve the customers anyway."

## **Business populations**

Estimated number of businesses in the UK, 2019

	<b>Totals</b>	<b>Businesses</b>	<b>Employment</b>	<b>Turnover</b>
All businesses		5.87m	27.5m	£4,150bn
All SMEs		5.86m	16.6m	£2,168bn
<b>By Size</b>				
With no employees		4.46m	4.8m	£305bn
1-9 employees		1.16m	4.2m	£595bn
10-49 employees		0.21m	4.1m	£629bn
50-249 employees		0.04m	3.5m	£639bn

Table: The Times Source: [Department for Business, Energy and Industrial Strategy](#)

## **DELAYS GETTING THROUGH**

Today is Rowena Howie's birthday. With her Revival Retro boutique in Bloomsbury shut and a rent payment already missed, all she wants this year is a call from her bank.

After four hours on hold Ms Howie, 43, was told they would ring her within two days. A week later she had yet to hear back.

She is seeking £80,000 in financial assistance "to get me to the end of the year" after a rapid shutdown which has already forced her to place three of her four permanent staff on furlough.

The path ahead amounts to an "unnavigable ocean of uncertainty," Ms Howie said. Revival Retro pays almost £60,000 a year in rent for its shop in central London. She welcomed government support such as the waiver of business rates but said it "does not go far enough".

Her company is processing "a trickle of orders" online, with trading down 90 per cent. Such firms "always find a way," she said, "but coronavirus has limited our ways forward. We don't know how long this is going to go on for."

## **THE INBETWEENERS**

When Sam Kaye, 26, graduated from Falmouth University in 2016 setting up his own business "was not the plan". Life took an unexpected turn when he met Alex May, 35; they set up Beacon, an independent coffee shop, in the town a little over two years ago. Approaching Easter the café would usually be preparing for some of its busiest weeks of the year.

A fortnight after closing down they are trying to remain optimistic. "I don't necessarily think that either of us thinks that the business won't be there at the end of all this," Mr Kaye said. "But that does depend on how long this goes on for."

While a government grant of £10,000 for small firms "really sets our mind at rest," he emphasised that if the strains persist for longer than people expect Beacon will need more to survive.

Mr Kaye and Mr May, as directors of a limited company, "feel like we fall quite cleanly between" the government's two main worker support schemes: do they furlough themselves, receiving government support for 80 per cent of their salaries up to £2,500 each a month, or claim the assistance offered to the self-employed?

## **CAN WE EVER RECOVER?**

From a garage to a small craft beer empire in south Wales, Brad Cummings, 32, and Gazz Williams, 39, have come a long way in eight years. The website of Tiny Rebel, their brewery and bar chain, boldly declares it is "showing no signs of slowing down".

However, having started generating more than a million pounds in monthly sales the company has been stopped in its tracks. The Covid-19 shutdown has erased 80 per cent of its business overnight. "The key thing at the moment is every penny counts," said Mr Cummings, the chief executive. With the shutters down on the company's two bars in Newport and another in Cardiff, it is relying on online orders to get through. Just 14 of its 137 staff are still at work.

Mr Cummings is preparing for a long slog. “It’s all very well getting through the next 12 weeks,” he said, “but it’s also about the next 12 months.” He believes “the big unknown” is how fast activity will recover after its nosedive. “It won’t just be turning the lights back on and finding everything as it was before.”

### **THE MESSAGE IS CONFUSING**

Even companies in huge demand are enduring unprecedented challenges. Biscuiteers, an online deliverer, has experienced an 80 per cent increase in orders but is fighting to staff its operation.

“You’re in a situation where, because the government communication is quite blunt — stay at home — there is no nuance at all placed on this,” Harriet Hastings, its managing director, said.

Her workers have yet to hear “anything like clear enough communication” from ministers, she complained, despite official guidance that online firms are “open and encouraged”.

Biscuiteers, which usually has two shops open and some 130 staff, has bought bicycles and even picked up taxi receipts after deciding that staff should avoid public transport, but is struggling to get a sufficient number of workers into its site in Colliers Wood, southwest London. The company, set up in 2007, usually has about 40 icers but now has only seven in at one time despite the surge in orders.

### **WE WON’T THROW TOWEL IN**

When Andrew McRae, the owner of Museum Context, which sells Harry Potter items, last spoke to *The Times* six weeks ago, sourcing stock was his “major concern” as coronavirus crippled the Chinese economy.

With the Edinburgh shops he was worried about filling now shut, things have escalated rapidly to become “quite devastating”.

Mr McRae, 42, started out as a retailer in 2007. Aside from selling magical souvenirs in two shops, he owns two stores selling books and antiques and opened a café in December.

With a young family to support the prospect of a sustained decline in consumer confidence and tourism is “definitely worrying”.

But he recalled setting up his business in the months before the financial crash and battling through the last recession. “There’ll always be those who persevere, adapt and survive. We’re determined that we want to continue. We must continue.”

He is resolute that his company and others are not “simply going to throw the towel in”.

Mr Sunak has promised to do “everything it takes” to help guide companies through the darkest days of this crisis. “We are making great progress on getting much-needed support out to businesses to help manage their cashflows during this difficult time,” he said today. Only time will tell whether it is enough to ensure firms’ survival.