

Three keys to building a successful business from the UK's 'Challenger Cities'



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Foreword

At Vodafone UK, we're on a mission to help businesses right across the UK benefit from digital transformation.

To make that happen we have to be where our customers are, which is why we base ourselves in regional hubs, such as in Manchester, Birmingham, Cambridge and Brighton. From these locations, our staff and senior leaders get a local view on what's happening in their regions. What we're seeing is a huge opportunity for cities across the country to drive commercial and economic growth by realising the UK's digital potential.

To better understand what businesses in the regions think about the opportunities available to accelerate growth, we commissioned a report by Circle Research. This report surveyed leaders of small and medium sized businesses – those with up to 249 employees – in four main regions, as well as the capital. Business leaders were asked about the main factors influencing their future development, such as digital infrastructure, access to talent, support from the government and more.

What we found is that there are thriving businesses in cities right across the UK, led and staffed by proud locals. We call the places where these businesses are located 'Challenger Cities'. These are cities that are competing effectively with the capital on key metrics like revenue

growth and profitability of their businesses, along with the quality of life enjoyed by local residents. With access to top talent, lower overheads as well as great places to live, these cities are helping to drive economic growth and boost productivity across the country.

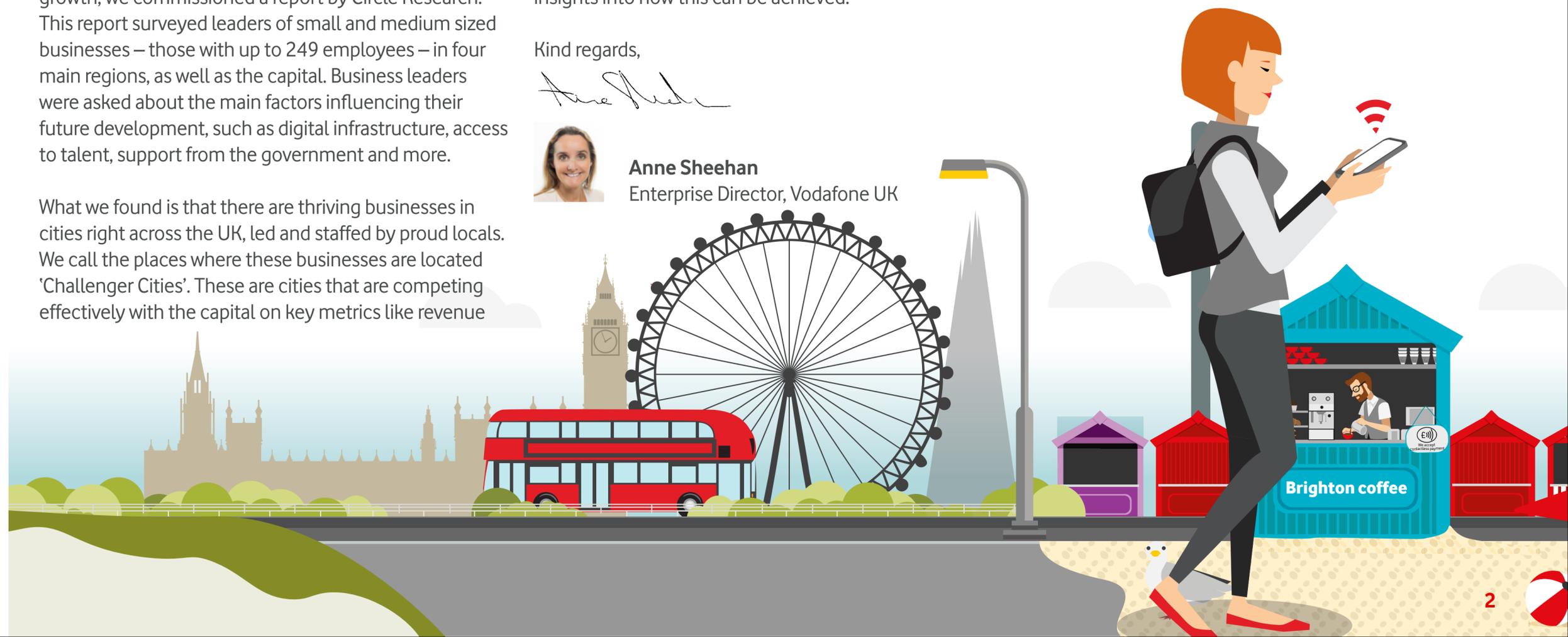
At Vodafone UK, we want to do our part to ensure local businesses in every region continue to thrive. Through our commitment to innovation and our leadership in unified communications, the Internet of Things (IoT) and 5G, we want to help even more cities to become "Challenger Cities" where local businesses can grow and flourish. This report, "Three keys to building a successful business from the UK's 'Challenger Cities'", offers vital insights into how this can be achieved.

Kind regards,



Anne Sheehan
Enterprise Director, Vodafone UK

Data provided by



Introduction

London is widely seen as the UK's powerhouse – a huge dynamo around which the UK spins. But more and more regional areas, and Challenger Cities within them, are giving London a run for its money.

For the latest in our *Perspective series*, we commissioned Circle Research to conduct a survey of Small and Medium Enterprises (SMEs) and Small Office Home Office (SOHO) businesses in regions with cities. Researchers looked at the North West, North East & Yorkshire, South East and the East & East Midlands and the cities of Manchester, Leeds, Brighton and Cambridge.

A cross-section of 500 business leaders were interviewed, with large samples from key sectors – Retail (66), Professional Services (64), Technology (48), Finance, Insurance & Accountancy (31) and Construction and Trades (39).

The survey shows that siting a business in these regions can be as successful and profitable as siting a business in London.

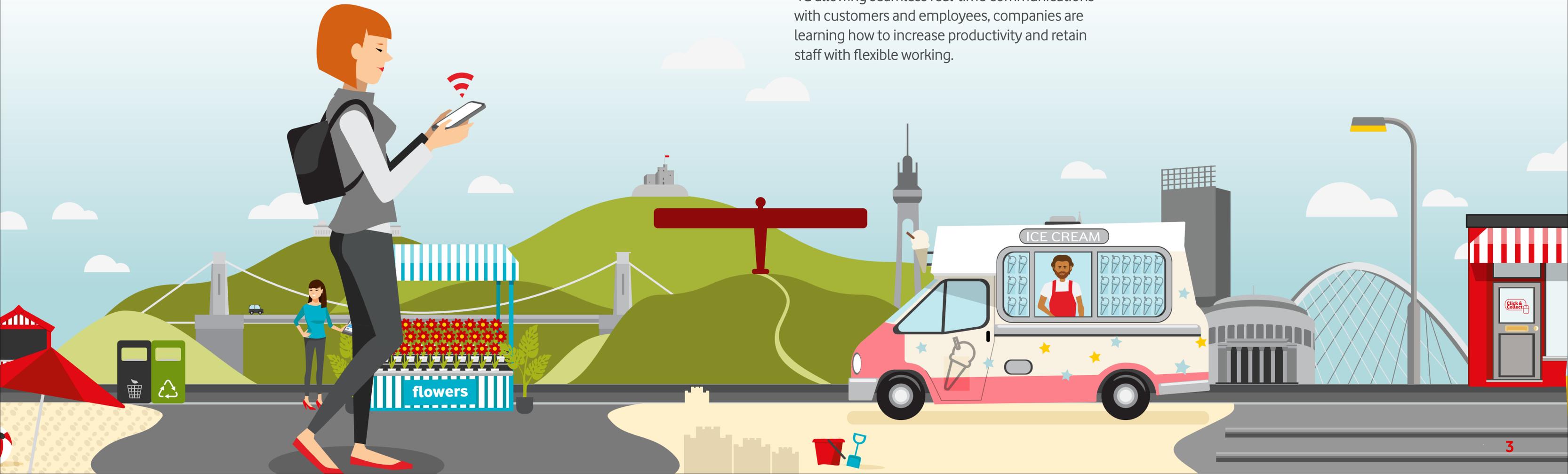
According to the business leaders surveyed, there were three major factors that underpinned this success – a strong digital infrastructure, a local client base and the availability of local support.

Digital infrastructure

Digital technology has levelled the playing field for businesses. With rapid advances in communications, there's now far more choice about where to site a business.

When asked which digital technologies drive their business' success, reliable/fast internet and software are mentioned most often by business leaders. Over half (53%) of leaders in Professional Services companies say that digital infrastructure, including fast internet, software solutions and the cloud, is critical to business success. And with unified communications and 4G allowing seamless real-time communications with customers and employees, companies are learning how to increase productivity and retain staff with flexible working.

The changes that technology brings are only just beginning. With Artificial Intelligence (AI), Internet of Things (IoT), algorithms, machine learning and Big Data, we're just at the early stages of developments that will change the way we all work. If you run a digital business, the great news is that pure-play digital firms – those whose product is digital – far outstrip conventional businesses in profitability.



Local customers

In recent years there's been an increase in demand to source and buy products and services locally. Not only does this help grow local communities and economies, but customers looking for local knowledge from brands can get a more personalised experience. And while having face to face interactions are important, businesses should not overlook the importance of digital channels to help customers research, buy and interact with them outside of brick and mortar business hours.

Digital platforms like social media and e-commerce allow new ways to respond more quickly and deliver services in the way that customers want. Even having a basic website where customers can purchase products or schedule appointments online allows companies to maximise productivity and profitability. And with more digital services, like Customer Relationship Management (CRM), mobile payments and chatbots, businesses can build other ways to attract customers and improve their experience.

Local support

Businesspeople often talk about a lack of support from central government, and indeed local government. But what researchers actually discovered was that a great deal of support is available – not only from government, but also educational establishments and local providers like Vodafone. And where support was less extensive, many businesspeople were simply getting on with the job, succeeding despite the apparent challenges.

A confidence gap

With strong digital infrastructure, a local client base and local support, the prospects for businesses in our spotlight regions are very positive. Local leaders are keen to highlight the profitability, talent, quality of life and opportunities in their areas, but their views may not be widely known. Indeed, if you talk to business leaders who may not be as familiar with these regions, there's often a confidence gap.

That's why we felt it was important to share the insight from this report with companies across the UK. If you're considering whether to open an office or launch a start-up in the regions we studied, this report provides concrete reasons to take the plunge.

We hope that this report will help to rebalance the UK economy in the best way possible – through the success of your business, wherever you choose to be located.¹



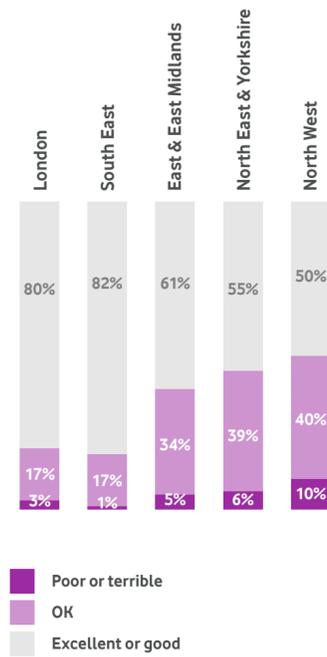
1. Informa's 2016 study and Guardian article posted Jan 2018.

Regional successes

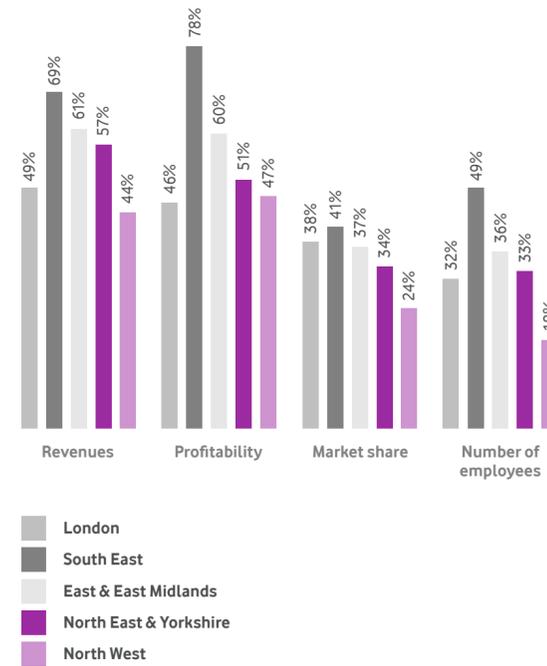
Much is said about the health and entrepreneurship of businesses in and around London. This is reflected in the high confidence amongst SME leaders in London with 4 in 5 saying that London is an excellent or good place to grow a business. However, it is the South East in fact where confidence is highest.



Overall how good is your region for growing a business?

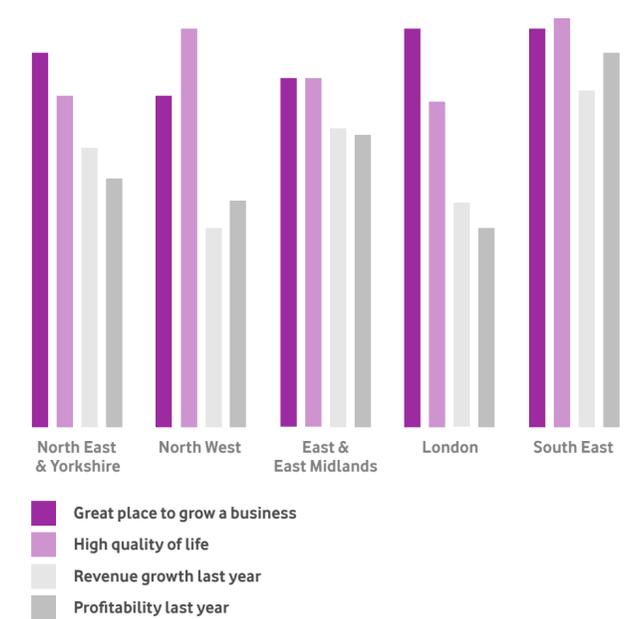


Growth over the last 12 months in...



Over the last 12 months, the South East, East & East Midlands and North East & Yorkshire all outperformed London in terms of the proportion of businesses who have achieved revenue growth, profitability growth and employee growth. And the North West, while lagging in some areas, achieved greater profitability growth than London.

Challenger Regions access to the same opportunities outside the capital



And despite the greater confidence of business leaders in London, when it comes to the small business market, many of the regions that we studied outperformed the capital.



What's more, this is unlikely to slow down. Business leaders in all the regions we studied are confident about growth, with revenue and profitability confidence levels similar to London and 10% growth in revenue and market share anticipated across all regions.

Perhaps due to this confidence, retail SMEs are diversifying and increasing their investment in online advertising and sales, with 53% intending to diversify products and services over the next three years. And over half of construction companies plan to invest in their business – most likely in technology.

In short, if you're living and working in many regions of the UK, the future looks good. The UK is rebalancing to take advantage of regional opportunities for businesses to invest, and for people to improve their quality of life – one of the top five factors for business success, and a factor which is more accessible in the regions than in London. By putting the needs of people firmly at the heart of planning for business, each region can combine strong digital infrastructure with upskilled employees to drive growth and profits.

“The significant cost advantages offered by the UK's core regional cities are such that we are starting to see a rebalancing of business activity away from London over the coming decade. As the differential in occupational, staff and housing costs continue to widen, both bosses and staff are beginning to recognise that there is

life outside of the M25. Alongside publicly funded infrastructure investment and smart city initiatives - they suit the needs of both existing and new businesses.”

Tony Fisher,
National Head of Office Advisory
Lambert Smith Hampton



The Northern Powerhouse is charging up

When we take a more detailed look at the regions we studied, the picture looks good.

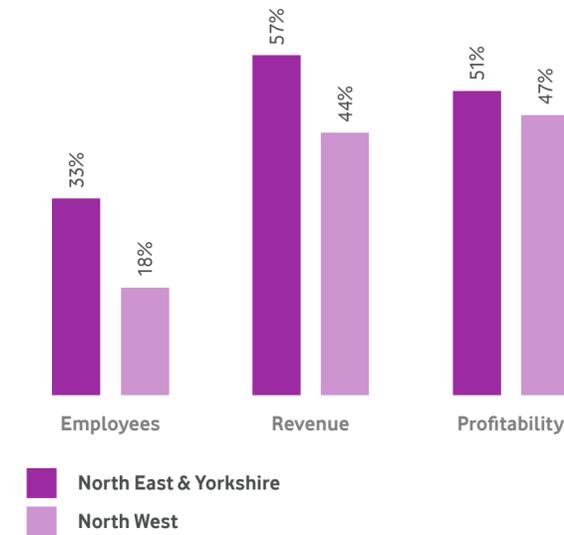
Northern regions are particularly attractive for their quality of life, and their relatively modest overheads and salary costs when compared to other regions – particularly London.

A large part of this is due to far more affordable housing. In the index of affordable housing, 7 out of 10 cities are in the North – Leeds, Newcastle, Sunderland, Hull, Liverpool, Sheffield and Middlesbrough.

The North West

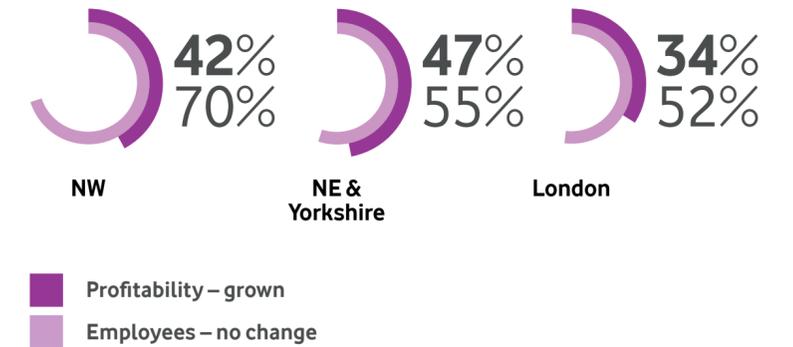
The North West leads in productivity. With 20% more productivity, yet 20% less employees, it stands out as the UK's most productive region. Business leaders in the North West are confident this will continue and that they can increase market share and profitability by 20% in the next year with the same number of employees. In that light, perhaps we shouldn't be surprised that 67% of business leaders think that the North West is a great place to grow a business and 68% would recommend the area to someone looking to set up a business.

Productive North last year

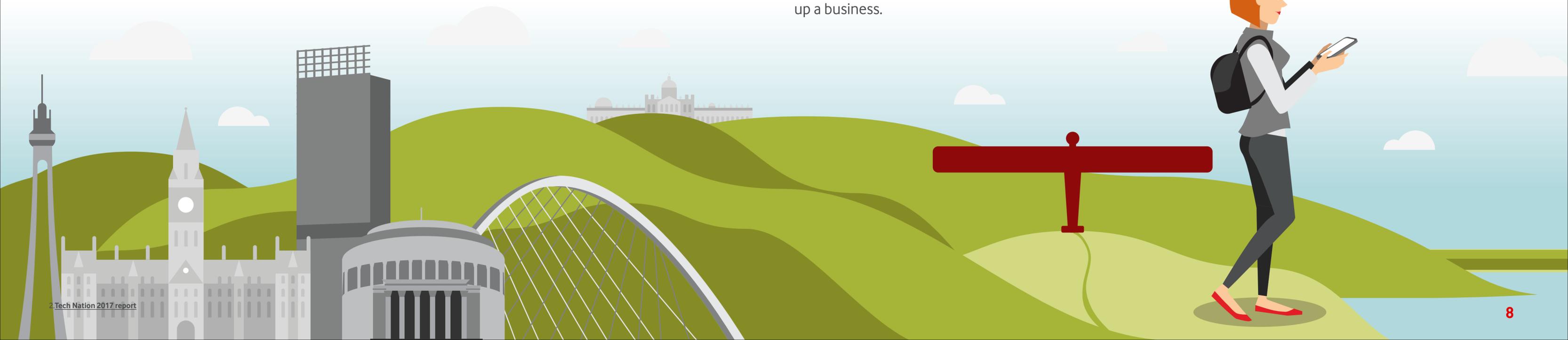


North East and Yorkshire

The North East and Yorkshire regions were also more productive than London. They too have fewer employees than London yet generate higher profits and revenue.



In light of this perhaps we shouldn't be surprised that 67% of business leaders think that the North West is a great place to grow a business, and 68% would recommend the area to someone looking to set up a business.



From strength to strength

When questioned about whether they have the resources and environment they need for business success, leaders of SMEs in the North are more positive than those in London.

- 75% of business leaders in the NE & Yorkshire think their area is a great place to do business – rising to an impressive 83% in Leeds
- 77% of those in the NW and 63% in the NE think they have the low overheads and salary costs they need – above London at 42%
- 79% of those in the NW and 67% in the NE agree that they have the quality of life they need for business success – above London at 66%
- 75% of those in the NW and 71% in the NE say they find it easy to recruit employees with the digital and technology skills they need
- 70% of leaders in the NW are confident they can partner with local universities to create a strong local talent pool – above even London at 65%

Digital businesses are most profitable

Overall, the North is doing well, and its digital businesses are a significant factor to this success.

According to Gartner, a digital business is one that creates 'new business designs by blurring the digital and physical world' – an asset-light business that leverages digital tools to disrupt existing business models. Think of an online marketplace like Etsy that lets local businesses sell locally produced products anywhere, an application development studio or, at the top end of the scale, a company like Uber or Airbnb.

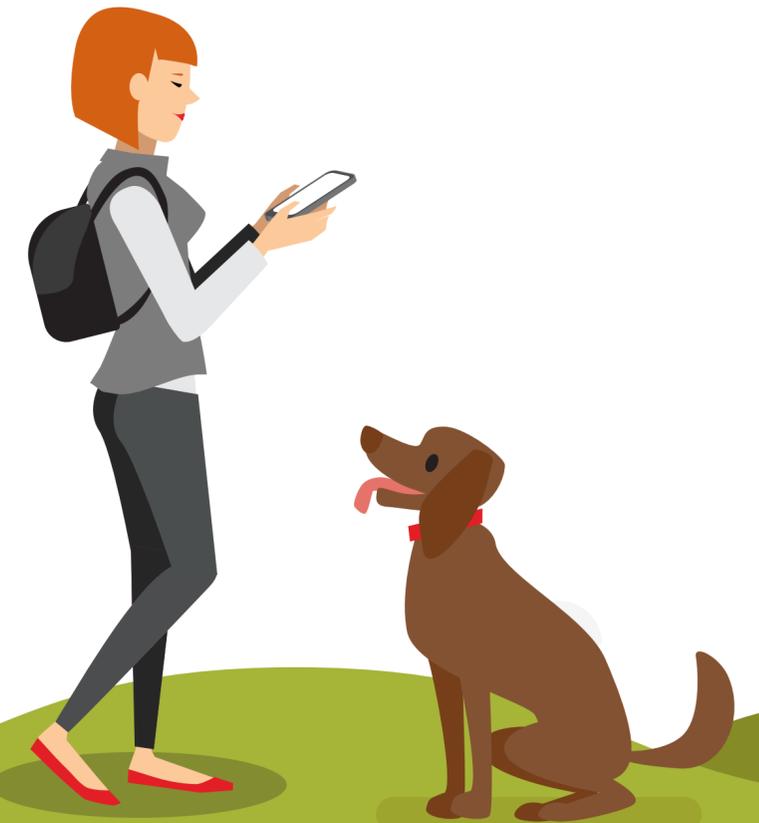
Productivity in the North's digital sector is growing four times faster than productivity in non-digital sectors, and the digital workforce grew by 28% in the last 5 years, compared with 3.1% for the non-digital workforce.

- The North's digital economy is creating jobs at 10 times the rate of the region's non-digital sectors
- Manchester is the largest tech-cluster outside London with £2.9 billion digital tech turnover
- Manchester's small and medium sized enterprises will help generate £12 billion annually for the city's economy by 2020
- Manchester has seen a 36% rise in the number of active SMEs since 2010²

Mad for it – Manchester and Leeds lead the way

For overall quality of life, both Manchester (77%) and Leeds (64%) were rated highly by the majority of business leaders we surveyed who are currently working there.

A large part of this can be explained by the fact that living in Manchester is 42% cheaper than living in London. This low cost of living combined with a high quality of life make Manchester and Leeds great areas in which to site a business and recruit staff – with 86% of those surveyed in Manchester saying that the pool of skilled local talent is good (compared to 78% in London).



Affordability

86% of business leaders across all regions surveyed say that a highly skilled local talent pool is critical or important to overall business success, yet 91% believe having low salary costs are also a key to success. By doing business in locations outside the capital – where the cost of living is more reasonable – it’s possible to square that circle and get access to skilled workers with lower salary expectations.



■ Highly skilled talent
■ Low salary costs

As one of the major factors in attracting a workforce is the affordability of housing, the regions have a significant advantage over London. Rent in the capital is some of the highest in the world – never mind just the UK – and renting a one bedroom flat can cost the same as renting a three-bedroom house in the North of England.

The same differential exists when buying. There is a huge difference in average house prices around the UK, and whilst some cities – notably Brighton (£419k) and Cambridge (£523k) – are close to the London average of £583k, Manchester (£186k) and Leeds (£180k) offer much better value.³

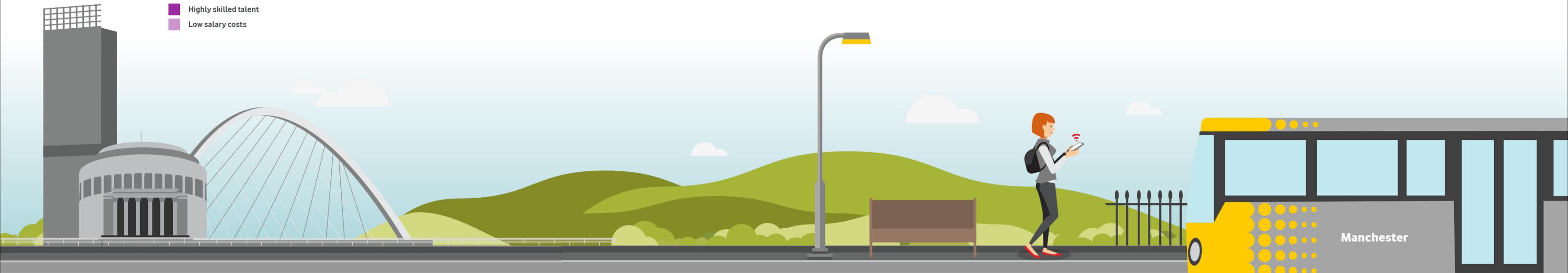
Office costs are also likely to be significantly less – a double-win for the regions.⁴



MediaCityUK was created on the banks of the Manchester Ship Canal in Salford and Trafford as a mixed-use property development and has now become a regional tech-hub, attracting like-minded growth businesses.

Graphene discovered at the University of Manchester is the world’s first and most conductive 2D material. It’s thinner than a human hair and 200x stronger than steel. It won the 2010 Nobel Prize and applications will be used for energy, membranes, composites and coatings, biomedical, sensors and electronics.

Leeds Cycling Dashboard is an interactive app based on cycling datasets hosted on the Data Mill North. It provides a visual representation of cycle routes, racks and the location of accidents.

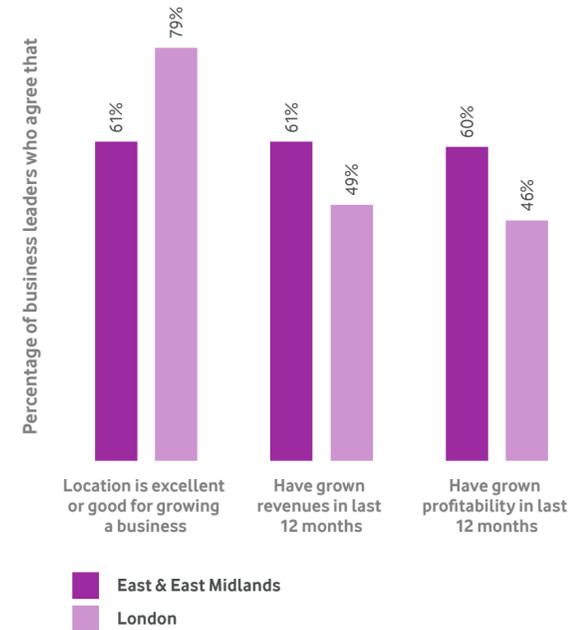


East and East Midlands

Although business leaders in the East & East Midlands are slightly less optimistic than leaders in the North West, 71% say it's a great place to set up and grow a business and 70% that it offers a highly attractive quality of life.

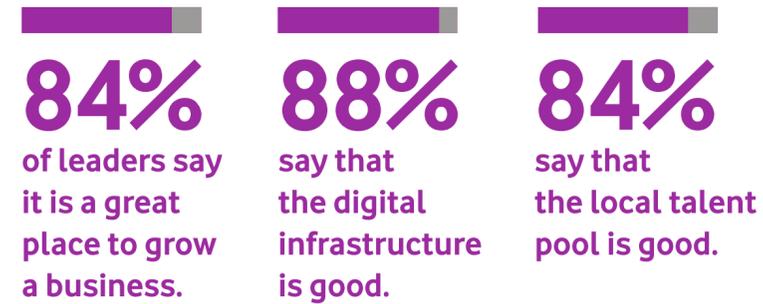
Confidence in East & East Midlands

The East & East Midlands has excellent access to educated and skilled local talent and favourable government and local council policies. There is also a high degree of collaboration in the business community, especially in technology, artificial intelligence and manufacturing.



Cambridge – at the heart of Silicon Fen

A combination of talent, support, funding and quality of life make Cambridge a leading Challenger City.



According to the 2016 report from Informi, Cambridge is the second-best place to start a small business in the UK (after Brighton) with a total turnover of £35.6 billion. It is also England's most vibrant business hub – scoring highly on dynamism, opportunity, innovation and entrepreneurship.⁵

Its strength is amplified by being part of a tech cluster known as 'Silicon Fen' – home to high-tech firms that focus on cutting-edge software, electronics and biotechnology, many of which start their life at the University of Cambridge. Five of the biggest tech companies in the world – Apple, Amazon, Facebook, Google and Microsoft – all have offices in Cambridge. Over the past decade, start-ups based on AI and machine learning, in Cambridge and elsewhere, have seen explosive growth.

“In my experience, Silicon Valley is 10% tech and 90% hype, but Cambridge is just the opposite. As an entrepreneur, I want to bring world-changing technology to market. The way you do that is to make something that's never existed before and create the science behind it. Cambridge, with its rich history of mathematicians, has the kind of scientific ambition to do that.”

Vishal Chatrath
CEO, PROWLER.io

Cambridge also has many successful businesses in construction, manufacturing, wholesale and retail distribution and IT and telecoms. According to the Innovation Index by the Open Data Institute, it is ranked third in manufacturing, after London and Aberdeen.⁷



Pavegen in Cambridge, are the global leader in harvesting energy and data from footfall to bring smart cities to life. They have created a vision for smarter, more sustainable built environments which empower and connect people through tiles which use a wireless API to transmit real-time movement into lighting.

5. Vibrant Economy Index, 2016 study from Grant Thornton UK LLP
6. <http://www.cam.ac.uk/research/features/cambridge-and-ai-what-makes-this-city-a-good-place-to-start-a-business>
7. Cambridge Cluster Map

The South East

Leaders in the South East are very positive about their area, with 80% saying they think it's a great place to do business, and 84% saying that the quality of life is good (compared with 66% in London). When it comes to finding the right people with the right skills – a big factor in success – 78% of leaders in the South East believe they have access to a good talent pool, likely due to the fact that 75% business leaders say they have good access to good local education, training and development.



of SME leaders in the South East say they have access to an excellent local talent pool.

With the right technology that allows people to work in a way that fits their lifestyle, leaders are confident that they can create the jobs of the future.



Signly from Lockerley, is an app that uses augmented reality to display pre-recorded sign language videos, enabling access to written content for deaf users. They are shaping future society by inspiring fresh approaches to digital inclusion, collaborative economy, connectivity and skills development.

Brighton – home to Silicon Beach

Brighton is the best place in the UK to start a small business, according to the Informi report which focuses on 65 UK cities.

- Where London has Silicon Roundabout in Shoreditch, Brighton has a cluster of creative and digital businesses known as Silicon Beach
Source: [Informi report](#)
- Brighton benefits from many “Fused Firms” – businesses which bring arts and humanities graduates together with Science, Tech, Engineering and Marketing (STEM) graduates – a very effective formula for success
Source: [Brighton Fuse Report](#)
- 57% say that overheads and salary costs are good in Brighton, whereas only 42% can say the same for London

To learn more please visit Your Ready Business [Brighton, the UK’s digital hub?](#)

The South-East is ahead for quality of life

The South East has the strongest confidence in the quality of life it can offer the people who work there – with 84% of SME leaders rating the South East highly for quality of life. Perhaps unsurprisingly, 80% think the South East is a great place to grow a business.



of SME leaders in the South East say their regions offer a good or excellent quality of life – far above London, at 66%

As mentioned at the beginning of the report, this success in the regions we studied is underpinned by three major factors – a strong digital infrastructure, a local client base and the availability of local support – all of which are individually powerful, but when found together can be game-changing.



What successful businesses are doing right

For successful businesses, three major factors were important – a strong digital infrastructure, a local client base and the availability of local support



Digital infrastructure

There's no question that the success seen in these regions owes much of its existence to companies embracing new digital technologies to transform business processes. Digital infrastructure – the systems and processes that are in place to ensure operational effectiveness – is a major key to success.

Digital transformation can improve productivity, increase revenue and reduce costs in virtually every business in every sector – wherever they are located. Over 1/3 of businesses agree that social media helps them drive revenues and over 2/3 of businesses find online payments more efficient. It has levelled the playing field for businesses. It allows small companies to compete with corporations, start-ups to disrupt long established competitors and regional companies to compete with those in the capital.

The more digital the organisation, the better their balance sheet is, the greater their cost savings and the more likely they are to operate internationally. And the vast majority of the benefits of digital technology are available to almost every business.

A recent survey of 1,000 UK-based businesses found digital capabilities helped boost revenues by 4.4% and reduce costs by 4.3%. SMEs with a strong web presence grow on average more than twice as quickly as those with a minimal or no presence. And they export twice as much and create twice as many jobs.

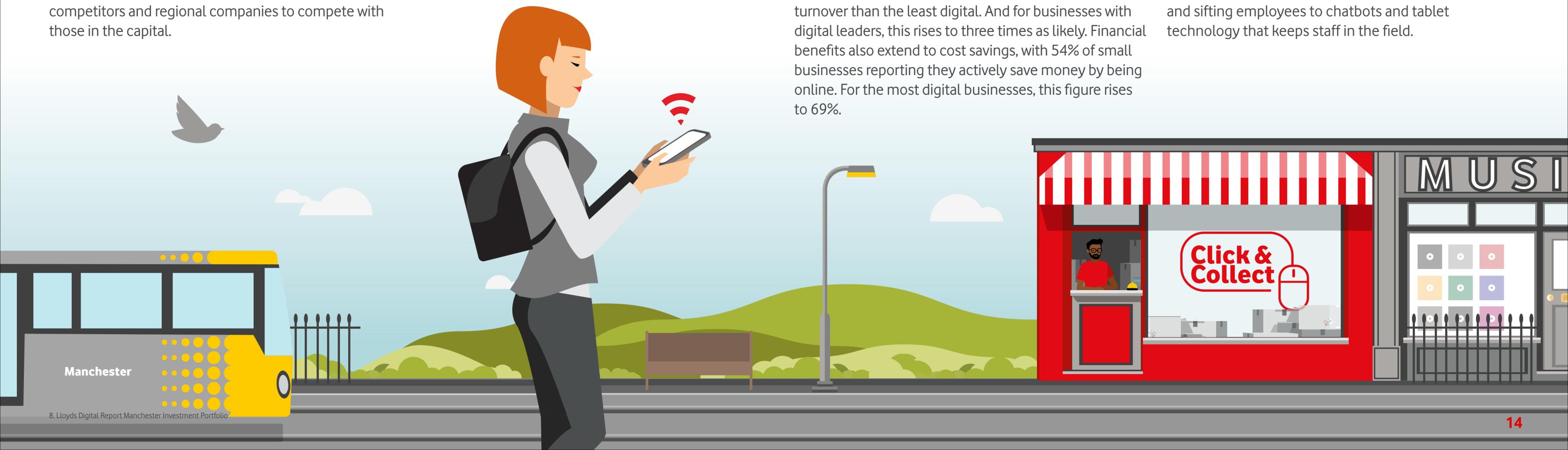
In Manchester (in the North West region) for example, the digital and creative industry generates more than £3 billion in economic output for the area, making Greater Manchester home to the largest digital and creative cluster outside London, yet their operational costs are 40% lower than the capital. This low operational cost can be attributed to many factors such as lower costs of living in the North. But there's no denying that digital infrastructures such as fast and reliable broadband, cloud services and data hosting enable businesses to work more efficiently, allowing employees to concentrate on growing the businesses and servicing customers.

The most digitally savvy small businesses are two and a half times more likely to report an increase in turnover than the least digital. And for businesses with digital leaders, this rises to three times as likely. Financial benefits also extend to cost savings, with 54% of small businesses reporting they actively save money by being online. For the most digital businesses, this figure rises to 69%.

According to the Gov.UK Digital Britain strategy report, to remain competitive there are four core digital activities that most businesses should do.

- maintain a web presence
- sell online
- use the cloud
- digitise back-office functions like payroll

Organisations everywhere are improving their digital capability – and many of those in the regions we studied show the ROI from investing in digital technology is greater than ever before. And these investments are in multiple areas of the business – from cloud technology and virtual reality, through to compliance software and online tools for seeking and sifting employees to chatbots and tablet technology that keeps staff in the field.



Local customers

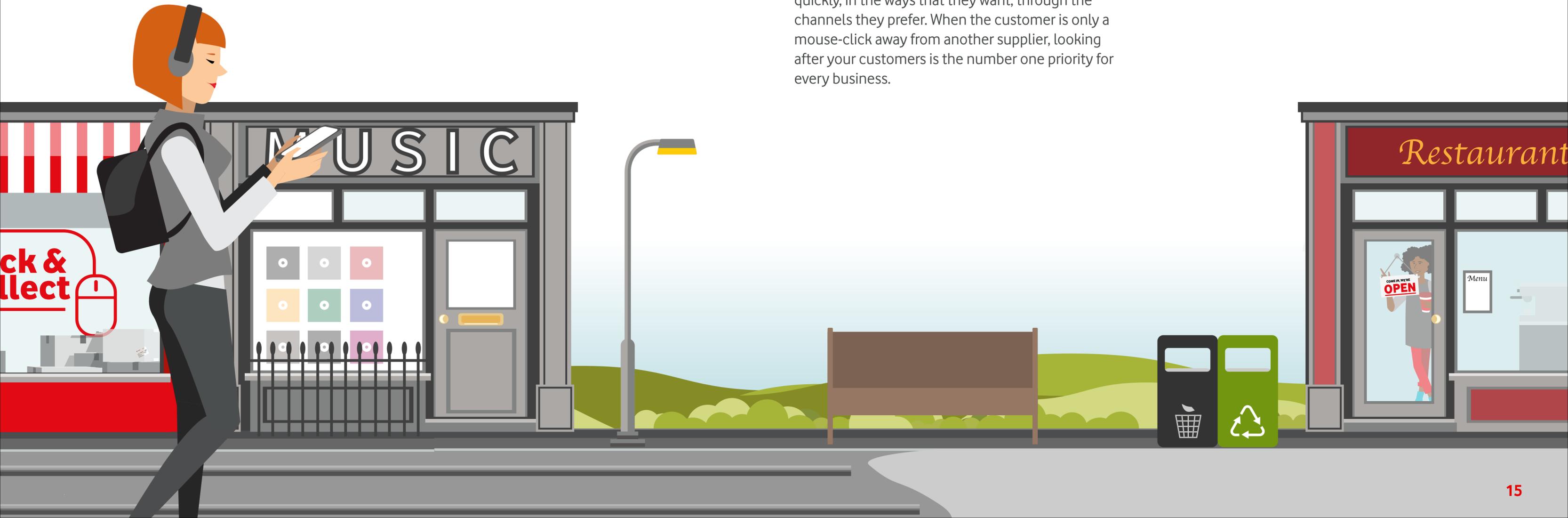
Local customers like to buy from local companies. It's a win-win for both the customer and the business because when local communities support local businesses, more of the money stays local and bolsters the local economy. Another reason customers are looking to buy locally is a better understanding of the local market and a better level of service.

Businesses that employ locally often benefit from a strengthened sense of community which means repeat customers and familiarity. Local businesses understand the needs of their customers and can adapt their products and services to best meet those needs. In the same way that a barista would know a regular patron's coffee order, local business owners and employees know what their customers need – having a face-to-face presence is often preferable to dealing with a disembodied corporate entity only available at the end of a phone line.

And while there's nothing like popping in to the local shop to ask about a specific product or fix an issue, having an online local presence is just as important as valuable face time. As customers depend more and more on digital channels to communicate with businesses, it is imperative to develop a robust customer service strategy that allows customers to resolve issues 24/7 – traditional brick and mortar hours don't cut it anymore.

Digital technologies like social media and e-commerce allow new ways to respond to those customers more quickly, in the ways that they want, through the channels they prefer. When the customer is only a mouse-click away from another supplier, looking after your customers is the number one priority for every business.

Consulting firm Forrester Research has called this era the 'Age of the customer' to highlight how technology, social media and efficient information exchange will affect product development and marketing. 'Age of the customer' looks ahead to the next 10 years, in which businesses will transition to become more adaptable and customer obsessed than ever – focusing their energies on listening to their customers and getting better attuned to their needs.



“The customer experience is going to become not only a competitive advantage or differentiator, but a business imperative to remain competitive and increase market share. As demand for personalised, seamless and enjoyable experiences with brands becomes increasingly important, delivering a good customer experience is becoming a key business opportunity, allowing organisations to gain and retain customers, grow market share, and, in turn, provide a firm foothold for success.”

Alex Allwood,
CEO of The Holla Agency and Author
of *‘Customer Experience’*

Fortunately, companies are now empowered in new ways to look after their customers. Digital technology offers a host of powerful tools – like unified communications, collaboration software and sophisticated call-handling – to deliver the highest levels of customer service. It’s a simple fact that the easier a business makes it to interact online, the more impressive their customer service will be, and the less likely their customers will be to look elsewhere.

Get discovered

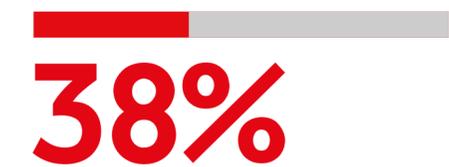
Social media is critical to building your brand online and connecting to your customers. It’s also a great platform to tell your ‘origin story’ – why you got into business and what gets you out of bed in the morning. Your prospects can see visuals and videos to help you sell beyond the basics of pricing and features. Here are a few top tips for [social media](#).

Working with Centennials/Generation Z

Centennials are pro-multitaskers, glued to their phones – [Digital Natives](#) who don’t know a world without digital technology, and strive for work-life balance and contemplate whether they’re doing the right thing with their lives. Put their knowledge of social media to work and it can help your business grow. They crave independence, so if you can offer them a certain amount of freedom in a role, they’re more likely to thrive and add value to your business. Having the right technologies such as unified communications allows them to work in different ways to be productive – on IM, video, social, phone or email.

Make things easy for your customers

If your business takes you out and about, mobile payment solutions make it easy for customers to pay by card. Many solutions have a built-in CRM system that allow you to send customers a receipt over email and then contact them with future offers or product news. Read more about [cashless payments](#) on Your Ready Business for a comparison of suppliers.



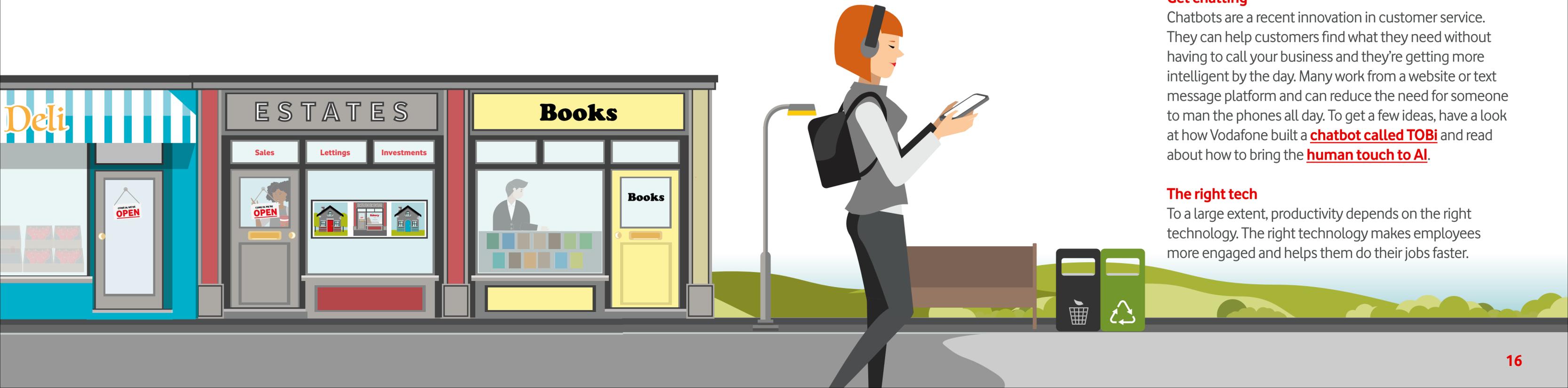
of North East businesses say the right tech enhances employee productivity, particularly in the way they deal with customers.

Get chatting

Chatbots are a recent innovation in customer service. They can help customers find what they need without having to call your business and they’re getting more intelligent by the day. Many work from a website or text message platform and can reduce the need for someone to man the phones all day. To get a few ideas, have a look at how Vodafone built a [chatbot called TOBi](#) and read about how to bring the [human touch to AI](#).

The right tech

To a large extent, productivity depends on the right technology. The right technology makes employees more engaged and helps them do their jobs faster.



Local support

The third major factor underpinning success is support from central or local government to assist business growth, planning and networking. And what we see in the regions we studied is that businesses are generally able to find the support they need – although it's important to remember that there's more that could be done. But in the best cases, government, businesses and universities work well together to deliver positive change in the community.

“We want to fuse technological advancement with culture, ethics, communities and places to build a world which is connected, creative and cooperative, and a modern and prosperous Greater Manchester where no-one is left behind.”

Andy Burnham,
Mayor of Greater Manchester

Government and local authorities

The business leaders surveyed felt that it was central government or the local authority who have most responsibility for ensuring that businesses have the right infrastructure to enable them to thrive.

The UK government has recognised this by taking a leading role in creating a strong UK-wide digital and data infrastructure – with 4G – and a technologically skilled workforce that is prepared for the future.

The **Data Skills Taskforce** is a government initiative that creates opportunities for organisations to use connected data to produce new market-changing products and better public services. 40,000 datasets are currently available through the data.gov.uk web-portal and are being used for projects to ease travel congestion, enable cheaper insurance, speed up the development of new medicines and prevent crime.

The UK leads the world in the quality of the geospatial data that is openly available to support innovators and businesses to create innovation. This includes the **GeoVation programme** which helps entrepreneurs develop their ideas and provides a Hub where new start-ups can access desk-space, mentoring, and legal and professional support.⁹

The government has also taken some very useful steps in helping companies all over the UK develop the hands-on digital skills they need. Their **GDS Academy** has run sessions in Leeds, Manchester and Newcastle and are now looking to expand the program with new training in subjects like AI and Blockchain.

“From customer experience changes like a restaurant adopting online bookings, to connecting the back office of a wholesale business, our ambition is for all UK companies to be able to realise the efficiency gains offered by adopting digital ways of working.”

GOV.UK



⁹ <https://www.gov.uk/government/publications/uk-digital-strategy/7-data-unlocking-the-power-of-data-in-the-uk-economy-and-improving-public-confidence-in-its-use>

Smarter Cities

Many Challenger Cities have created 'Smart Cities' – areas that integrate Information and Communications Technology (ICT) and IoT to optimise the efficiency of city operations and create clean, friendly, connected spaces with advanced transport systems.

The public/private partnerships that such projects foster encourages local business and feeds back into the success of companies in the region. Businesses can get involved to help shape the innovation roadmap for the ways data, digital and design can positively impact people's lives.

Smart City initiatives in Manchester and Leeds are now working to improve air quality, waste-management and noise pollution and create sustainable economic growth. In Manchester, the vision also includes enabling 'Smart Citizens' – people who have all the information they need to make informed choices about their lifestyle, work and travel.

Learn more in the [Future Cities Catapult Strategy Report](#).

To motivate participation and provoke community, the [100% Digital Leeds](#) project holds local and national events such as Leeds Digital Festival, Get Online Week and Festival of Learning to showcase and raise awareness of the benefits of being online.

“A great example of collaboration is '[Graphene City](#)' in Manchester which will be a district built around the world's first labour market of highly skilled researchers and businesses around the innovative 2D material. Large firms will want to locate where they can access skills and world-class collaborators. Start-up companies and SMEs will face lower risks when they know they can recruit the people they need.”

Luke Georghiou,
VP Research and Innovation,
University of Manchester

“We can build true community experiences where people of different cultures and backgrounds and abilities share digital interactions with one another as well as their city. We have the ability to shape our environment and share information in real time to better connect people with each other, and with resources. We have an opportunity to build an inclusive digital urban experience, and that starts with a responsive city.”

Colin O'Donnell,
Chief Innovation Officer
[Intersection](#)

Where London once led the way in Smart Cities, the smaller scale of regional cities can give them an advantage in implementing and trialling technological solutions.



Local business networks

Local business networks can be a powerful force for sharing ideas and experience. This can be as simple as sharing knowledge of the best suppliers in the area to create a virtuous circle where good businesses succeed and raise the bar for others.

86%

believe a network of local business contacts will enable success

87%

of leaders want a strong network of suppliers and business support.

Leaders in the East and East Midlands say they have the strongest networks – with 80% saying they have a strong network, higher than any region other than London also at 80%.

Generating business from abroad

The government is also helping businesses to gain access to markets in other countries.

The recently launched **GREAT.gov.uk** is a new digital trade hub to help businesses that want to export. It provides advice and support to current and potential exporters, with a smart database that connects businesses to global online marketplaces like Amazon and Alibaba. As part of this initiative, the government has also negotiated preferential rates with key e-marketplaces to make the UK one of the easiest and best places from which to sell goods online to the rest of the world.

In addition, UK Export Finance (UKEF) recently launched a partnership with 5 major banks to help smaller businesses access millions of pounds in **government-backed trade finance** directly from their bank in seconds. FSB research shows that 20% of UK small businesses already export and with the right support this number could double.

Local councils

Local Enterprise Partnerships (LEPs) connect businesses to share what 'good' looks like – in their local region, sector or supply chain – driven through engagement with high-performing businesses in their area and local industry bodies. By connecting with a local **Catapult centre**, businesses can help reduce the risk of being left behind and accelerate their pace of business development.



Conclusions

If you're a business in London thinking of adding a regional office to your operations or a start-up considering setting up in one of the regions, now is a great time to do it.

Rebalancing

The UK economy depends on towns and cities harnessing the potential of everyone who lives in them. Our towns and cities have always been at the heart of economic development and the creation of prosperity whether as marketplaces or as centres of enterprise, knowledge, culture, learning and innovation. The collective strength of business people and responsible business, working side by side with civil society and the public sector can rebalance our democratic society.

With the current state of digital technology there is no reason for the regions to lag behind. Whilst physical transport infrastructure might take a little longer to arrive, the digital infrastructure is in place to make a real success of business outside of London.

Confidence in the future

Businesses outside London can feel confident in their ability to grow profits by attracting customers in their local area with the support of digital technology, skilled digital talent and local expertise.

Everyday technology improves our businesses and personal lives and transforms our regions, cities and communities. As these areas thrive, they are increasingly able to retain the talent that might

previously have looked for opportunities elsewhere. An attractive combination of interesting work, combined with a high quality of life and lower costs of living, will lead to more and more regional regeneration – enhancing business, community and society.



Practical steps for business

There are simple lessons for business. If you are a company looking to thrive in the regions there are great opportunities for you to empower employees with technology to help them work from anywhere and increase productivity by providing training to upskill staff.

You can improve the experience for your customers by listening and responding to their needs on social media, use digital payment systems and the connected data they provide to start conversations with customers, and create competitive differentiation by partnering with your local business community to use emerging technology to improve lives.

It's also vital to make sure you're constantly aware of the assistance available from government initiatives, as this can often be quite extensive and targeted towards growth sectors. In-depth research and planning will also yield dividends. You could conduct an analysis of the trends in your region, consult with customers and employees for ideas on improving processes, products and services and develop a strategic, responsive plan, which promotes innovation as a key process across your entire business. Most important of all is to stay open to new ideas and solutions and be willing to change as opportunities emerge.

This report is proof positive that success in the regions – driven by digital technology, local customers and local support – is underway. And we've not seen the end of it. Whilst no-one can be certain what the future will bring, we believe that the trends we've drawn attention to in this report will become increasingly prevalent and could shape a prosperous – and exciting – future for the whole of the UK.



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1-9 employees – Please call **0808 060 0802**
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10-50 employees – Please call **0808 004 4495**
Calls to this number are free.

51 or more employees – Please call **0845 241 9560**
Standard call charges apply.

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