

# DALSTON4LONDON

DALSTON4LONDON NEWSLETTER VOL 8 MAY/JUNE 2009

## WORKING FOR DALSTON'S FUTURE

### CREDIT CRUNCH ISSUE

As our supposed betters gather in Docklands to give even more of our money away to keep big business in business...I mean solve the world's economic crisis, we look at how Dalston is managing under what is coming to be regarded as the deepest recession since the 30s. In the face of some high profile business failures on the high street, how is Hackney's small business community coping?

#### BUSINESSES SUFFER AS TRAFFIC DECLINES

Whilst transport bosses were congratulating themselves on what they regarded as a successful implementation of a new road system in Dalston, businesses in the area were telling a different story. "Things got tight when they started those building works up at the lights (the Dalston Junction Barratts development)" said Ayhan of 1<sup>st</sup> Class Dry Cleaners on Dalston Lane, "but since the one way system came in our trade has dropped off a cliff. No one walks this way anymore to drop clothes off, and the whole area appears so desolate. One of our regular customers asked us last week when we were going to close. When we asked him why he thought we were going to close, he said 'I thought all the businesses round here were going to close, aren't they?'. No one seems to care about what's happening here. Another two months like this and we'll have to lay off our two workers - another six months like this, and we will have to close. We've written to the Council, but we don't get any meaningful response. It's like no one cares what happens to our business".

Sadly, this story is repeated up and down Dalston Lane. Kay of Occasions,

the party store ironically right next to the offices of Hackney Business Venture, is another Dalston small business struggling to cope, not only with the recession, but also with the particular

### DALSTON4LONDON BUSINESS ADVICE SERVICE

**FOR INFORMATION AND ADVICE ON DEVELOPING YOUR BUSINESS PLEASE CONTACT CORY DEFOE ON 0207 993 3639**

**OR  
D4L@HCD.CO.UK**

**\*\*REGISTER NOW WITH D4L AND GET A FREE WEB PRESENCE! D4L IS COMPILING A WEB-BASED DIRECTORY OF DALSTON BUSINESSES - CALL CORY NOW FOR MORE DETAILS AND TO ENSURE YOUR LISTING\*\***

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changes being made in our local area. "The recent change to the one way system coincidentally happened the same weekend as Mother's Day, traditionally a big selling weekend for my business. In fact, sales dropped by over 50% from last year, and since then the figures have got worse. More and more customers are trying to haggle over prices, and since the parking rules were changed we get little passing traffic. At the same time, my landlord wants a rent increase, heat and light have gone up and I've just heard business rates are going up in April. It's getting harder and harder to justify staying open financially, but I love my business and being able to provide a service here in Dalston".

Perhaps surprisingly, the story is little different on Kingsland High Street. Marva of bridal business House of Antoine feels local confidence is at an all-time low. "The recession has hit many hard, but that's true everywhere. Here in Dalston people see all the hoardings going up, businesses being moved, traffic being redirected and they naturally wonder if anything is going to still be here in three months time. That's even more important in our business, as people have to have the confidence in us to put money down as deposit and collect their goods maybe two or three months later. Since all this building work started, confidence in the area is just draining away. However, the Council are still putting up the business rates, and if you're a minute late in payment they demand the full years' rates in a lump sum there and then. Where's the understanding in that?"

The indifference of the Council is a sad yet familiar theme amongst the local business community, but Marva has also noticed a hardening of attitudes at, of all places, her bank. "We've been in business in this area for over twenty years with the same bank, but we're seeing no flexibility in finance since the 'credit crunch'. There's just no understanding, no goodwill, which says 'we know how hard it is, let us help'. You'd think with all the taxpayers' money they've had they would be more interested in lending, but at the moment the opposite is the case. I pity anyone trying to start out in business now." Of more concern to all these and other local businesses is that things are likely to get worse before than can get better

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here, as the summer will see a series of closures on Kingsland High Street and Boleyn Road as the tunnel works are extended from Dalston Lane round the western curve under these roads (the buildings that have been demolished are to allow these works to take place, and are where the roads will be restricted). Even more hoardings and even less foot traffic is likely to put even more of a squeeze on local businesses. The Council hopefully will recognise their part of the responsibility for this situation, but everyone can help by making sure you keep as much of your spending as you can in the local community. Local business needs your support!

However, it's not all doom and gloom. KFC are looking to expand, with sales currently running at 14% above last year and up to 9,000 new jobs in prospect. Supermarkets are doing well too, and perhaps not surprisingly those seen as being at the bargain end of the business are doing best. ALDI and LIDL have both seen substantial rises in sales, as have the larger bargain supermarkets Asda and Morrisons, who have both posted 5%+ increases in sales year on year. Macdonalds, who suffered some pain of their own last year when they were forced to close more than 700 outlets, are now posting significant sales increases year-on-year. The interesting thing about this list is that these are all seen as being at the 'value for money' end of the market, and if the proliferation of pound shops (and the queues in Poundland) is anything to go by, people are definitely looking for a bargain. Anyone in a position to offer that, and enable the customer to leave with their goods in their hands, will likely succeed in the current climate.

*and if this wasn't enough bad news....*

## LONDON BUSINESSES SAY GOVERNMENT AND MAYOR OF LONDON OFFER LITTLE HELP DURING RECESSION

The Government's policies to help London businesses fight the recession have had little positive impact and are largely irrelevant according to the London Business Survey 2009, published today.

300 companies across the capital re-

sponded to the survey and the results reveal that the emphasis on training and tendering offers them little direct help, while VAT and interest rate cuts have not provided the stimulus to encourage trade that the Government expected.

The survey, carried out by Business Junction and Clarity between March 3<sup>rd</sup> - 19<sup>th</sup> 2009, invited companies across London to submit their views on how the recession and credit crunch has affected them directly and their outlook for 2009.

The key findings of the survey are:

- \* The business support programmes of the Government, Mayor of London's office and London Development Agency have failed to make a difference to London businesses

- \* Most London businesses have never tendered for a public contract and those that have find tendering to be a poor investment of time and money

- \* Most London businesses ignore training schemes such as Train To Gain



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- \* 55% of Enterprise Finance Guarantee scheme applications have been rejected, whilst two-thirds of general loan applications are also rejected

- \* LondonbusinesseshavenotbeenasistedbyVATandinterestretereductions *so what can you do....*

## BUSINESS FOCUS

Credit Crunch Tips provided by Darren Allaway, Managing Director at a major financial services institution.

1 - Control your cost base without killing your growth potential

Make sure every penny you spend is justified and accounted for. Don't waste money where there isn't a direct revenue opportunity.

2 - Review and reinforce your value proposition

You can be sure your clients are thinking about cutting costs the same way you are (or should be). Make sure you

reach out to them proactively with a great client experience that reinforces why they do business with you. The same applies to potential clients/customers.

3 - Partner up!

Share costs with your neighbours or fellow entrepreneurs. Partner up to buy stationery and consumables. Share IT costs. Negotiate service contracts as a partnership and drive down costs.

## DEVELOPMENTS IN GILLETT SQUARE

Now you see it, now you don't! After a few chequered weeks of defacement and cleaning, the Gillett Square Banksy is sadly no more. To see its history, go to:

<http://www.gillettsquare.org.uk/web-docs/banksy.html>

This month sees the start of a new cultural programme for the summer in Gillett Square. Developments include events in association the Barbican as well as our usual partners including the Vortex and Universal Board Games. Head across to: <http://www.gillettsquare.org.uk/web-docs/forthcoming.html>

for the latest information and to subscribe to the Gillett Square newsletter.

## DALSTON MASTERPLAN

**THE DALSTON AREA ACTION PLAN  
CONSULTATION PERIOD 9/3/09 TO  
15/5/09**

Also known as 'The Dalston Masterplan', this document has just been published by Hackney Council and is intended to shape both the short and long term regeneration of the Dalston town centre area. It is very retail and residential led, and will have a huge effect on businesses in the area if implemented. There is full information, including all relevant links and a programme of Masterplan-based events, on our web site. Please browse to:

<http://www.dalston4london.org.uk/webdocs/daap.html>

for full information, and please be sure to FILL IN A FEEDBACK FORM! D4L will be at the Open events, so come and meet us and have your say on the issues relevant to your business.