



John Rahill, co-owner, City Analysts

Feargal Ward



Pat Whelan of Whelan's Butchers

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Pat Twomey of Twomey's Bakery,  
Dromcollogher, Co Limerick  
Picture: Don Moloney/Press 22

# SMEs feel renewed confidence, but rising costs must be curbed

Some invested, others consolidated, all survived. Now these firms are seeing the tide turn



Colette Sexton



Mike Gaffney, managing director of Leap

Barry Cronin



Barbara Geoghegan, owner, JS Dobbs

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As small businesses around the country wait to see what Budget 2015 holds for them, new research has found that Irish SMEs have fared well in the latter half of the year, with many reporting increased business confidence. The findings of ISME's quarterly trends survey pointed to a "balanced recovery" in the SME sector, according to chief executive Mark Fielding. "Overall, the SME economy is certainly picking up," said Fielding. "The GDP for multinational corporations is now at around five per cent growth and SMEs are starting to get the trickle down effect. "About four months ago, small businesses started to say things had stopped getting worse. That was the start of the upswing." Fielding added, however, that sustained recovery in the sector would require a concerted effort by government to curb rising business costs. "If the government would get out of the way and let small businesses get on with it, the recession would be finished much faster and the upsurge would be much steeper," Fielding added.

To get a sense of how SMEs are faring in the run-up to Budget 2015, *The Sunday Business Post* spoke to five business owners around the country from a variety of sectors. **Pat Whelan, owner of Whelan's Butchers, Clonmel, Co Tipperary** "We took a different view on the recession: we saw it as an opportunity to grow. There was never a better time to invest in your business because things were cheaper," said Pat Whelan, owner of Whelan's Butchers in Clonmel, Co. Tipperary. In December 2011, Whelan's opened its first Dublin shop in the Avoca food market in Monkstown. The Dublin outlet "hit the ground running", said Whelan, allowing the company to open a second shop in Avoca's Rathcoole store in October 2013. "It took courage and bravery to open the shops. But, if you have a good quality product and you believe in it, that gives you the courage you need to go on," said Whelan. Expanding during the recession worked well for Whelan's. The company is opening another outlet, in Avoca's Kilmacanogue store, this month. Further expansion is planned for Lucan next year. Whelan said the key to a successful business was intuition and hard work. "You can blame who-

ever you like, but at the end of the day it's you and your relationship with your customers and how relevant your proposition is that will determine your success." **Barbara Geoghegan, owner of JS Dobbs & Co, Baldoyle, Dublin** Barbara Geoghegan owns JS Dobbs and Co, a distributor of healthcare products that was established in 1976 by her parents. She described her company as "one of the lucky ones" to have survived the recession. "We weathered the first recession in the 1980s. We weren't going to go under this time," Geoghegan said. "We were careful through the boom. We made a few bob, but we didn't go mad so we could use our savings to prop us up. I know everyone is talking up the economy and I'd love to say that's reflected in my business." Geoghegan said that JS Dobbs' falling sales in recent years had levelled off. "We are still making enough money to turn on the lights every day. We're hoping to get out of the red and into the black at the end of the year," she said. "I don't know many SMEs that are turning a profit. We're all just ticking over. We haven't had a salary increase since 2008 and the cost of living has increased since then."

**John Rahill, co-owner of City Analysts, Ringsend, Dublin 4 and Shannon, Co Clare** City Analysts is an environmental laboratory that offers chemical and microbiological analysis services for water, soil and food. John Rahill said there had been a noticeable pick-up in business in the past three months. The increase in business is coming from industry, particularly builders and developers, rather than from the water treatment plants that comprise the company's primary customer base. He added, however, that business in 2014 was "nothing compared to what it was". "We are not out the door and we're not back to where we were," said Rahill. "We became very risk averse during the recession. I've seen too many people who have been ruined financially over the recession. "We are very conscious of costs and we focus on keeping our costs down. We learned a lot from the recession. "We weren't going to be as brave as the banks would want us to be. We didn't borrow money." Rahill took over a toxicology lab in Shannon, Co. Clare, earlier this year, but Rahill said he did not borrow much to fund the expansion

- which, although "a risk", was "paying off". He said that, although he did not expect profits at City Analysts to rise this year, the outlook for 2015 was more positive. **Pat Twomey, owner of Twomey's Bakery, Dromcollogher, Co Limerick** Increased competition between supermarkets during the recession had a massive impact on bread sales, according to owner Pat Twomey. "The grocery wars really affected us. Supermarkets kept reducing the prices of bread and trying to get customers to buy own-brands," Twomey said. "Bakers with big plants have an advantage over us because they can produce sliced pans cheaper and at a bigger scale than we can." Instead of trying to beat larger producers of sliced pans, Twomey focused on introducing a speciality range of healthy bread, including multi-seed loaves and breads made from spelt flour. "Even though healthy bread is more expensive than traditional bread, it proved to be very popular because so many people are health-conscious these days," he said. He added that bread pricing had become "a lot leaner" since the onset of recession. "We are constantly battling with suppliers over prices so we can pass on the savings to our customers." Before the recession, the bakery's specialist Polish bread, *Polski Chleb*, sold in huge numbers. These sales have since fallen dramatically, as many Poles who moved here during the boom opted to return home.

"We haven't seen the full uplift as yet, but hopefully it is coming," Twomey said. **Mike Gaffney, managing director of Leap, Ballybrit, Co Galway** Set up in 2000, Leap offers leadership and management support services to SMEs. Training programmes were one of the first things companies dropped when they were forced to cut costs in the recession, said Mike Gaffney. "In the first two years of the recession, our turnover was shot and our profits went down significantly. We had to re-engineer ourselves," said Gaffney. Leap began working one-on-one with employers, getting down to the "nitty gritty" and putting in place practices to help companies survive. Gaffney noticed an uptick in September last year, with the return of clients the company had not worked with in the five years prior. "People are fed up of negativity and they want to make the most of the upturn," said Gaffney. He said Leap was anticipating a "more prosperous year" in 2014, given the company's recent appointment as the exclusive Irish provider of futureSME, a business model designed to help SMEs to grow.

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Rita Martin is joining Trilogi Technologies as business development manager. Martin has been sales account manager for Britain and Ireland with Cato Manufacturing for the past 13 months. Before that, she was sales account manager at Managed IT/Net Communications for two years.



Lioncourt has appointed a new senior investment analyst. Charlie Nolan is joining from KPMG, where he was corporate finance adviser for four years. He was also formerly an analyst with Goldman Sachs for two years.



Miele Ireland has appointed Martina Jennings to the position of head of professional sales. Jennings is joining from Telefonica, where she was senior account manager for 10 years. She was also formerly sales director with Eire Communications for seven years.



Oliver Ireland has appointed a new digital designer. Sean Egan is joining from Pigsack.com where he was web designer and content manager for one year. Before that, he was an advertising assistant on Lidl Ireland's web team.