

In the years that lie ahead Leitrim's economic survival will depend more and more upon the expansion of its small industries and the establishment of new ones within the county. It would appear that so far the county has been greatly shied upon by foreign industrialists, but an awakening to its potential in this regard is near at hand. The county has been included in a small industries' pilot scheme established by the Government in 1966, and now here GEORGE COLLEY, TD, Minister for Industry and Commerce, outlines

The Small Industries Programme

Origin

Up to the year 1966 the Industrial Development Authority was mainly concerned with attracting foreign industrialists to set up industries in Ireland. In that year the responsibilities of the IDA were extended to include the task of stimulating the development of industry originating in Ireland and encouraging the expansion of manufacturing firms that have shown capacity for growth.

As a first step it was decided to introduce the scheme for assisting existing small industries and for the encouragement of new ones.

Why Special Attention for Small Industries?

It may be asked why small industries were selected for special attention. The reason is that small-scale manufacturing has an important place in the industrial structure of even the most highly developed countries. In countries with strong and vigorous industrial sectors there is, in many industries, a continual inflow of new small firms.

Not only are there numerous small industries even in the most highly industrialised countries but they produce an important share in the total manufacturing output and they also make a significant contribution to employment.

A study carried out by the European Economic Community of the situation of small and medium sized businesses in Europe is of particular interest. Referring to the role of small and medium-sized firms in a developing economy the conclusion is reached "that such firms allow the growth of activities which would not be justified in the case of larger firms and, therefore, prevent a certain wastage and satisfy needs by adjusting supply to demand. They are also the basis of many new activities in which the largest concerns would not wish to participate. Moreover, by creating new activities the small and medium-sized firms exploit factors of production which would otherwise be unused and therefore generate income. The creation of small and medium-sized firms also gives play to new initiatives and therefore inspires a certain dynamism in our economy."

Of course, the part played by small enterprises varies a great deal from one kind of industrial activity to another as one would expect. Everybody knows about the advantages of mass-production methods in bringing within reach a great variety of goods many of which would otherwise not be available. It is not so generally known that in some kinds of manufacture the small factory can have advantages over the large one in such things as lower overhead costs, greater adaptability, skilled workmanship, distinctiveness of product, better industrial relations, and in special attention to customers' requirements.

In all advanced countries and in very many developing countries, special programmes are in existence for the encouragement of small manufacturers and craft workers.

Pilot Scheme

Although a lot was known about the methods adopted in other countries to promote the modernisation and growth of small-scale manufacturing, it was apparent that a programme for Ireland could not be modelled directly on that of any other country by reason of the many differences between countries in basic conditions affecting industrial development. For this reason it was decided to have a test period of about eighteen months for the purpose of ascertaining what precisely are the particular requirements and potentialities of small industries in Ireland; the kind of facilities needed to meet these requirements most efficiently; and the form of organisation most appropriate for the work.

It was decided to operate the programme during the test period in three groups of counties (Leitrim, Roscommon, Sligo; Clare, Limerick; Carlow, Kilkenny) but this was extended after about six months to cover all counties with County Development teams in respect of industrial proposals submitted by these teams. In effect this has meant the extension of the Programme to cover a total of fifteen counties. These counties are Carlow, Cavan, Clare, West Cork, Donegal, Galway, Kerry, Kilkenny, Leitrim, Limerick (including Limerick city), Longford, Mayo, Monaghan, Roscommon, Sligo.

The intention was that towards the end of the test period plans would be prepared in the light of the experience obtained to extend the Programme to the rest of the country. These plans are being prepared and it is intended to make an announcement soon concerning the extension of the programme to other areas.

Purpose and Objectives

The purpose of the scheme is to encourage small industries employing up to about thirty persons. It is proposed to do this by providing a range of services such as information and technical advice; loans and grants for equipment, for workshops, and for small factories; advice and help on design, presentation and marketing of goods. The scheme applies both to existing enterprises and to new ones.

The following are the aims of the Small Industries Programme:

(*a*) To promote the more efficient use of resources in a sector of industry not fully catered for by the present scope of incentives.

(*b*) To help small-scale industry to adapt itself to changing conditions and to meet growing competition from abroad.

(*c*) To identify and develop opportunities for successful operation of small enterprises.

(*d*) To encourage small industries to grow.

(*e*) To facilitate the entry of new small enterprises.

How the Scheme is Operated

The scheme is administered by the Small Industries Division of the Industrial Development Authority. This is a new Division established for the special purpose of concentrating on the needs of small-scale industry in Ireland. An important feature of the administration arrangements is that local participation by the County Councils and the County Development teams plays a vital part. In the counties with County Development teams, the Development team and the Development team officer work with the Small Industries Division in the encouragement of small-scale enterprises. In the other counties the Small Industries Division has the assistance of an officer of the County Council assigned by the County Manager. At the present time the post of Development Officer in county Leitrim is vacant. Pending the recruitment, however, of a permanent development officer this function is being discharged by Mr. R. A. McCarthy who may be contacted at the offices of Leitrim County Council, Carrick-on-Shannon. The duties carried out by these local officials are essential to the efficient per-

formance of the work, and the involvement of local interest and help is an important feature of the Programme.

Another feature is that the staff of the Small Industries Division has the assistance of an Advisory Committee consisting of experienced officials from Government departments and Government sponsored bodies, including An Foras Tionscal, the Industrial Credit Company, Córas Tráchtála, and the Irish National Productivity Committee.

Methods

The scheme is operated on the principle of self-help, the aim being to help the small-scale producer to help himself. The normal method is on-the-spot consultation with the promoter with a view to identifying the problems and needs of the enterprise and then bringing to the solution of these problems the services appropriate to each case.

The normal procedure followed in examining an application under the Small Industries Programme is summarised as follows. When an industrialist considers that his enterprise shows promise of further growth principally by way of increased demands for his products he, in the first instance, contacts his local Development team officer. The latter calls to the firm and collects certain items of basic information such as numbers employed, items of machinery in use and required, manufacturing floor space area, financial structure and problems currently experienced.

These basic details are submitted to the Small Industries Division who then allocate a specialist, be it in mechanical engineering, accountancy or business administration, to undertake a study in depth of the firm and its needs. This is done together with the development team officer who has among many other functions in the development of the Small Industries Programme, the important one of maintaining liaison at local level.

Subsequently a report is submitted to the Advisory Committee already referred to, for recommendations on the manner in which the needs as identified during the above studies will best be met.

It is important to bear in mind that the services offered to the small manufacturer are not confined to helping him to meet his financial needs. Finance by itself will do little good if small firms are lacking in technical knowledge, if they know little about business management, if they have badly designed products, or if they are unable to market their products effectively.

On the other hand, there is little use in offering a small manufacturer advice on the best machine to buy if he cannot raise the money to buy it.

To be fully effective, the Small Industries Programme must be designed to cover *all* the normal requirements for successful operation of the business, not only financial requirements but also management, production and marketing.

Another special aspect of the scheme is that once an enterprise has been accepted for assistance, the IDA will maintain continuing contact with it through follow-up visits with a view to helping the manufacturer to make the best use of his financial and other resources; to ensure that any serious difficulties arising are dealt with in time, and generally to help the enterprise to be successful.

The initial assistance given is often regarded as stage one of a bigger operation. Subject to satisfactory outcome of stage one, further help will be given at stage two and perhaps stage three and even later stages.

Problems of Small Industries in Ireland

A good deal of progress has been made in identifying the problems of small industries in Ireland and in devising ways of helping their owners to overcome these problems. Only a few of the major problems can be mentioned here.

As one would expect, one of the main difficulties experienced by the small manufacturer is the lack of capital, especially working

capital. Help towards meeting the cost of fixed assets (buildings and machinery) is available partly by way of grant and partly by way of loan or hire purchase facilities, using the normal arrangements already in existence. It was, however, found that small firms experienced a lot of difficulty in obtaining adequate working capital. Following negotiations with the banks, agreement was reached on arrangements for the establishment of co-operation between the banks and the Industrial Development Authority with the object of facilitating the provision by the banks of working capital for small industries under the Small Industries Programme.

This arrangement has some special features which represent a departure from standard banking practice. Consequently, the initial arrangement is an experimental one for a period of two years. It applies to industries accepted for assistance under the Small Industries Programme. Its operation so far has been successful and there is reason to think that it represents a valuable step forward in the encouragement of the smaller manufacturing enterprises.

Another major problem of small-scale industry in Ireland is the lack of management skills. This creates the need for types of advice and aid which are not so much needed by large manufacturing firms. Another consequence of this is that it is much more difficult for the small firms to avail of State and other services provided for industry in general. The solution to this problem lies in co-ordinating the help and advice provided by various State organisations and bringing them to the small manufacturer at his factory or workshop. At the same time, methods are being devised directed at improving management skills by such methods as training and the provision of information.

A further problem is the need for technical information and advice. In meeting this need, use is being made of the various services provided by the Institute for Industrial Research and Standards. These include field advisory and technical information services aimed at improving technical processes and methods used in industry. Advice is given on new production techniques and equipment, the use of new materials and their components; the solution of production problems. Other services provided by the IIRS are the analysis and testing of materials, assessment of inventions, and design of special purpose machines and equipment.

Technical information is available from numerous other sources (depending on the type of industry). The staff of the Small Industries Division are in a position to offer guidance on the sources of technical information to the small-scale manufacturer and to obtain for him further information if he so wishes.

The larger firms are being encouraged to avail of the technical assistance grants provided by the Department of Industry and Commerce to meet up to one-half of the cost of the engagement of consultants by manufacturing firms to advise on the improvement of productive efficiency and to examine aspects of the distribution and sale of goods on the home market.

Another need of small manufacturing industry is for a comprehensive marketing service. Efforts are at present being made to ensure that an adequate service will be provided and the recently formed National Development Association (NDA) have co-operated with the Small Industries Division in examining the marketing problems of a number of small firms to-date. It is generally agreed that it is necessary for an enterprise to develop marketing techniques on the home market before considering exports. The NDA and Córas Tráchtála can thus together provide a comprehensive marketing service to the firm from its smallest beginnings right through to the stage where it is exporting a significant proportion of its total output.

Results

Readers will be interested to learn how the work of the Small Industries Division is

progressing, since the programme started in April 1967.

The number of small industries examined in the fifteen counties to date is 317. Of these, 239 were existing industries and 78 are proposed new ones. The total number of persons employed wholetime by the existing industries is 2,180 giving an average of nine. The smallest firm visited had one employee and the largest had thirty-seven.

For county Leitrim the position is summarised as follows. The number of small industries examined in the county up to June 30, 1968, is 26. Of these, sixteen were existing industries and ten were proposed new ones. The total number of persons employed by the existing industries is 130 giving an average of eight per firm. The smallest firm visited had one employee and the largest had 26.

Not all of these have potential for expansion nor is it likely that all the proposals for new industries will be successful. But there is, nevertheless, scope for a substantial expansion in employment. Taking both existing and new enterprises together it is estimated that employment can be raised by at least fifty per cent. This is a conservative estimate; the actual increase in employment could very well be more.

Some of the new industries have already started production and others will start soon. In addition to whole-time employment some of the industries afford part-time work in activities such as knitting and homecrafts. As the enterprises expand and become more efficient the number of persons engaged in part-time work is also likely to expand. It is also likely that the earnings of persons engaged in part-time work will increase.

Range of Products

The range of products manufactured in county Leitrim by small industries is very wide. A recent exhibition at the NDA "Leitrim Can Make It" clearly highlighted this point. It includes various kinds of furniture, joinery and other goods made from wood. Many articles made from wrought-iron and from steel. Clothing, hand-woven tweeds. Foods. Industrial and agricultural equipment. Boats. Toys and souvenir goods. Concrete products. Jewellery and many other kinds of manufactures.

In addition, some of the industries provide services such as the repair of agricultural machinery.

Kinds of Assistance

Of the industries examined in county Leitrim eight have already been assisted in various ways. Five of these have been approved for grants and others are being brought to the stage at which grant assistance can be recommended. Some of these industries have obtained loans or hire purchase facilities for purchase of machinery in addition to grants.

Apart from financial assistance, various other kinds of assistance have been given, of which the following are examples: Technical advice on machinery and equipment (obtained through the Industrial Research Institute); Business management guidance (costing and financial statements); Help in marketing of products (obtained through Córas Tráchtála and the National Development Association); Technical advice on knitwear problems (obtained through the Industrial Research Institute); Lists of suppliers of machinery and equipment; Arrangements for training of employees (Vocational Education Committee); Advice on product design (obtained through Kilkenny Design Workshops, Córas Tráchtála and Bord Failte); Advice on raw materials and analysis of samples of raw materials (Industrial Research Institute).

This is not a complete list but it serves as an illustration of the wide range of problems on which the small-scale manufacturer needs help.

Some interesting cases of firms and their products considered under the small industries programme in county Leitrim include: Messrs. W. Haslette & Son, Manorhamilton —woodwork, joinery; Messrs. C. S. Laird

Limited, Drumshanbo—jams, marmalades. Messrs. Metwood Industries, Mohill—church furniture; Messrs. Cyril Cullen (Knitwear), Carrick-on-Shannon—handknits.

Export

It is interesting to find that many small firms are successfully exporting their products and there are a few of these exporting their entire production. Some of the new enterprises hope to enter the export market and others have already done so.

It is interesting also to find that many small firms not at present exporting seem to have export potential. These will be encouraged to enter the export market and they will be helped to do so. The Industrial Development Authority is co-operating with Córas Tráchtála in the "New Exporters Programme" which has recently been started by that body, aimed at encouraging the many Irish firms which have not yet attempted to export their products to start doing so.

Experience has also shown that small service industries can be of great benefit to agriculture and to the other basic rural industries (horticulture, forestry and fishing). Small-scale industry can complement and form a better foundation for larger industries; it can supply service to larger concerns, and the existence of developed skills will in time facilitate the establishment of larger industries in the area.

It is generally admitted that industrial development in Ireland has been handicapped by the lack of an industrial tradition and the knowledge that comes from experience. Small local industries can help to supply what is lacking. It is reasonable, also, to expect that some of the small industries will eventually become major industrial undertakings.

Conclusions

The indications are that the programme for the encouragement of small industries is going to be a valuable contribution to industrial expansion especially in areas in which employment is badly needed. Many of the numerous small firms throughout the country are promising and are capable of expansion if they are assisted to overcome their problems. The Small Industries Programme is designed to bring to the solution of these problems the wide range of services already provided for industrialists by various State bodies. The progress made so far gives encouragement for the future.

Every new industry encouraged to start and every existing industry helped to expand will bring more opportunities for employment; will provide an outlet for initiative and enterprise, and will strengthen the economy of the country.

"A people without a language of its own is only half a nation. A nation should guard its language more than its territories—'tis a surer barrier and more important frontier than fortress or river."—Thomas Davis.



GRUEL

Ingredients: 1-oz. oatmeal, ½-pint cold water, ½ teaspoon salt, ½ teaspoon of sugar.

Method: Mix dry ingredients with water, leave to stand for half-hour—serve with sugar and salt.