



**GUILDHAWK**

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The Rt Hon Simon Clarke MP  
Exchequer Secretary  
House of Commons  
London  
SW1A 0AA

14<sup>th</sup> January 2020

Dear Minister,

### Improving UK Productivity – Be the Business Roundtable

It was a pleasure to meet you yesterday at the *Be the Business* roundtable, and thank you for listening to our views on how the mentoring and training programme is helping to grow and increase productivity. The programme has been priceless for me and would, I believe, be of equal benefit to thousands of other companies, in turn helping them to bring skilled employment to our nation after Brexit. I wanted to recap some points that arose from the meeting and have summarised these below.

#### Giving Leaders Confidence to Grow

You asked what benefit I took from mentoring. I must admit I was not a proactive advocate of mentoring before becoming part of *Be the Business*. Like many business leaders, I didn't feel mentoring was necessary, or indeed suitable, for me. I am a member of the Goldman Sachs 10K programme and have studied at Harvard; moreover, I built my company from scratch and turned it into a global business that creates thousands of skilled jobs, and enables other businesses to trade globally. Over 40% of our trade is international and last year we were honoured with the Queens' Award for International Trade. Her Majesty also honoured me personally with the MBE for International Trade.

Few know a business better than the leader, so why would I require a mentor? But I have come to understand that the issue is not knowledge, experience, or the volume of either; it is confidence, especially the confidence to try something new; something you're not 100% sure will work. For me, I needed reassurance that my plan to expand in the Northern Powerhouse was the right one. The *Be the Business* mentoring is brilliant because my mentor, Rory Campbell, challenges me; makes me think harder and encourages me to trust my instincts. My company is now moving full steam ahead with an end-to-end strategy to make Sheffield an international centre for all things language and business. Employing 250 people, it will become a gateway for English-speaking businesses to sell to the world. *Be the Business* gave me the confidence to look beyond London and expand elsewhere, and what a rewarding decision that has already proved to be!

#### Over-Inflated Commercial Property Prices Hurt Good Companies

When companies invest in people and technology, productivity increases. I know this from experience. I am a coder and, with my team, have built software systems that make Guildhawk over 20% more efficient than other companies. Our software has been independently assessed and the IP valued at several million pounds, while the Government recently awarded us and Sheffield Hallam University a Knowledge Transfer Partnership grant to develop a new generation of software. This will bring much needed structure, fairness and higher productivity to those who work in the gig economy.

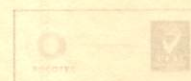
Our technology and productivity gains have been achieved by reinvesting many thousands of pounds of profit into R&D and up-skilling of people. I value this investment because it directly benefits my company and the people and

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places where we create jobs. What I do not value is the proportion of our profit dedicated to paying for overpriced office space; something which contributes nothing to productivity. I am concerned to see so many offices and shops around the country sitting empty, while receiving discounts on business rates. This situation helps land owners and speculators but reduces the money available for companies and local authorities to invest. It certainly doesn't help profitable companies or the country to become more productive.

## Make Property More Affordable to Boost Growth

I would appeal to you to help established businesses, like those you met yesterday, by putting a stop to inflated pricing for office and commercial spaces. Many companies like mine would like to be able to purchase freehold office space to give long term security. Other business leaders I speak to are fearful of compulsory purchase schemes, which they see as a drive to encourage more inward investment into property such as and student accommodation at the expense of local, established businesses. There is also concern about the level of debt being accumulated by local authorities and speculators who either keep commercial property empty or convert them into yet more of the co-working spaces many commentators fear is a bubble. The effect on productivity extends to domestic properties too, where workers are required to pay inflated prices, with the knock-on that entails for employee salaries.

## Government Intervention

I appreciate that the Government is setting a budget to support the productivity strategy and that reshaping the economic landscape is a complex area. Making commercial space and freeholds more affordable for established profitable businesses that bear so much fruit for our nation would drive productivity and bring life and prosperity to places that need rejuvenation.

Another intervention, and one that I shared with the Prime Minister, is to increase lending to established companies that provide skilled jobs and boost trade and productivity. Bank lending practices applied to profitable SMEs are incredibly old fashioned, and strangle innovation and growth. Despite introducing government guarantees, business loans backed by the scheme are near impossible to obtain. I suggest looking at introducing a new asset-based lending framework for SMEs that is similar to large companies, but where securitisation is based on intangible assets. According to HBR, intangible assets have increased from 20% to 80% since 1975, so there is little doubt that Britain's economy is losing out by not lending to established SME businesses based on a shortage of tangible assets alone.

Thank you once again for making the time to meet and listen to me and other members of the *Be the Business* initiative, and if I can be of any assistance to you and your government in boosting the UK's growth, please do not hesitate to ask.

*Yours sincerely,*

Jurga Zilinskiene MBE

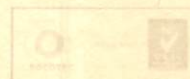
**CC:** Sir Charlie Mayfield

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