Making money, (re)making firms: micro-business financial networks in Birmingham’s Jewellery Quarter

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Abstract
Although economic-geographical research has recently been the subject of ‘cultural’, ‘institutional’ and ‘relational’ turns that stress the situated, relational and embedded nature of economic activity, these concerns are usually elaborated through analyses of industrial, not financial, circuits of capital. This paper addresses the neglect of the financial elements of production networks by exploring the geographies of some of the financial practices of a group of micro-businesses in Birmingham’s Jewellery Quarter. I argue that the Jewellery Quarter is an important financial space for these firms and illustrate how their production regimes are produced and reproduced through different spatio-temporal financial relationships with suppliers, customers and financial intermediaries. By contrast with the under-socialised treatments of agency that predominate in firm finance literatures in economics and finance, I illustrate the situated, idiosyncratic, and often very personal nature of the financial knowledges, practices and networks that reproduce these firms. This financial ‘cut’ through the Jewellery Quarter treats firm finances as integral to firm behaviours and strategy and uses this vantage point to assess the potentials and predicaments facing these firms that are regarded as strategically important for the future of the Quarter.
Finance in the industrial atmosphere

Introduction

Much contemporary economic geographical research has been marked by cultural, institutional and relational ‘turns’ that stress the situated, relational and embedded nature of economic activity. Yet this insistence on the social nature of ‘the economic’ is usually elaborated through analyses of industrial, not financial, circuits of capital. This paper interrogates the situated, social fabric of the financial networks and practices that constitute a group of micro-businesses in Birmingham’s Jewellery Quarter. In so doing, I address the intersection of literatures on finance, industry and economic development and also highlight the relative inattention paid to firm finances, and especially small firm finances, in economic geography (Pollard 2003). At present, firm finances represent something of a ‘black box’ in contemporary economic geography in that they are a largely taken-for-granted aspect of production. As such, questions concerning the nature of firms’ assets and liabilities, their financial knowledges and practices and the geographies that enable and constitute their financial reproduction, are largely absent from economic-geographical debate.

In this paper, I explore this ‘black box’ theoretically and empirically. Theoretically, I draw on literatures from economic geography, economic sociology and institutional economics that assert the situated, relational and embedded nature of economic activity. Empirically, I reveal some of the financial practices and networks that sustain a constituency of so-called ‘designer-maker’ jewellers in Birmingham’s Jewellery Quarter. Once a proud Marshallian industrial district of the late nineteenth and early twentieth century (De Propris and Lazzaretti 2003), jewellery manufacturing has shrunk steadily in the Quarter since the 1970s. Designer-makers are at the forefront of policy
attempts to rejuvenate the Quarter by moving production up-market into higher value added lines.

The exploration of designer-makers’ financial networks serves three purposes. First, it allows me to argue that firms’ financial networks are intrinsically geographically, temporally, socially constructed achievements. Second, it illustrates the situated, idiosyncratic, and often very personal nature of the financial knowledges, practices and networks that reproduce these firms, contra the radically under-socialised treatments of agency that predominate in firm finance literatures in economics and finance. Third, and related, this financial ‘cut’ provides a revealing vantage point from which to assess the potentials and predicaments facing these firms and, relatedly, any likely policy interventions. This is important not simply because of the policy hopes now resting on these firms as a force for the rejuvenation for the Quarter, but also in terms of evading the trap of glamorizing the artistic, creative, flexible elements of work in the so-called ‘creative industries’ (see Crewe et al. 2003; Wheelock 2004).

The paper is structured as follows. The first section outlines some contributions from economic geography and sociology that can further the agenda of conceptualising firms’ financial networks as situated, social achievements. Section two introduces the empirical context, charting the growth of designer-makers in the midst of the ongoing contraction in Birmingham’s Jewellery Quarter. Section three describes the sample of firms on which this research is based and details three facets of their financial reproduction. The final section considers some of the possibilities and predicaments facing these firms if they are to realise the creative and economic policy ambitions resting upon them.
Invisible economic geographies: firm finances

Economic geography has recently been the subject of ‘cultural’, ‘institutional’ and ‘relational’ turns (Lee and Wills 1997; Sayer 2001; Boggs and Rantisi 2003) that stress the situated, relational and embedded nature of economic activity. Fuelled by insights from economic sociology (Granovetter 1985, Swedberg 1991), variants of institutionalism (Martin 2003) and heterodox traditions in economics, research has explored the territorialised social fabric of production systems and the networks of interdependencies, both traded and untraded (Storper 1995), through which firms share risk, knowledge and conventions of ‘best practice’ in conditions of uncertainty. Fundamental to these approaches is a rejection of *homo economicus* and instead a concern to understand economic decisions as subjective behaviours framed by a non-contractual background (Hodgson 1988). The importance of culture is invoked here in recognising how learning, the accumulation of knowledge, habits, rules and norms shape expectations, beliefs and decision making. These forays into the social embeddedness of economic activities have led also to an appreciation of the diversity of the ‘rationalities’ that shape economic activity, rationalities that produce economic behaviours that may or may not be compatible with the logic of capitalist accumulation (Gibson-Graham 1996; Leyshon et al. 2003). As Storper and Salais (1997, p. 18) argue,

“Actors select and build meaningful courses of action in production by engendering routinized, largely implicit forms of co-ordination, which we call conventions….There is a great diversity of possible conventions for organizing productive activity, and also a great diversity of possible, conventionally-agreed-upon economic tests of whether an economic activity is viable or ‘efficient’”.

These insights into the social character of economic activity have shaped research interests in economic geography. As Amin (2003) has argued, industrial districts
attracted academic attention above and beyond their empirical significance precisely because they were vehicles for exploring, amongst other things, the collective social and institutional fabric of economic activities.

Two points need to be made here with respect to my purposes in this paper. First, these concerns with the social character of economic activity are usually articulated and elaborated through analyses of industrial, not financial, circuits of capital; commodity production in firms and production networks receives much greater analytical attention than the flows of money and capital that finance those firms and production networks (Courlet and Soulage 1995). So, despite Becattini’s (1990, p. 37) early formulation of “a framework for a theory of the industrial district” which described the credit system as “crucial” and the now voluminous literatures dissecting the organisational, technological and knowledge architectures of various forms of agglomerated production complexes, the financial elements of the ‘industry in the air’ of industrial districts, have, with few exceptions (see Russo and Rossi 2001), been largely ignored (Pollard 2003; Zook 2004; Henry et al. 2006).

Second, the literatures that do interrogate geographies of firm finance have focused on “the geography of financial institutions, systems and markets” (Wrigley 1999, p. 205) rather than on firms and their financial practices and management. Thus, there are extensive literatures examining the supply of external funds, most especially funds from venture capitalists and business angels (see, for example, Florida and Kenney 1988; Mason and Harrison 1995; Malecki 1997; Gompers and Lerner 1999; Mason and Harrison 1999; Martin et al. 2002), but very little about how and where firms obtain and use external finance, how they manage their credit, debt and cash-flow, how they reach decisions about their financing and the geographies of their financial networks.
The neglect of the financial elements of production networks is testimony, in part, to the limited development of geographies of money and finance that address the articulation of finance, industry and economic development (Martin 1999; Pollard 2003; Pike forthcoming). Yet this neglect is also aided and abetted by the assumptions of both classical and neoclassical economics; that money is simply a neutral facilitator for the exchange of the ‘real stuff’ of an economy and that money merely represents, rather than creates, inequality (see Dodd 1994). There is a long history to treatments of money that stress either its neutrality or its corrosive, de-personalising qualities (see Harvey 1989; Ingham 2004; de Goede 2005). When money is conceived in such anodyne terms, its neglect becomes understandable. Nevertheless, as Sayer (2001:699) observes,

However good the networking, however strong the reliance on information, economic survival for capitalist firms depends on costs and cash, though extraordinarily the socioeconomics literature says remarkably little about these things.

In what follows, I focus on firms’ costs and cash and argue for the production of more situated, socialised accounts of firms’ financial reproduction. This strategy is important, I argue, because accounts that recognise that monetary practices in firms pre-suppose a host of social networks also open up space for recognising that finances are not prior to, or somehow detached from the real stuff of production, but are instead integral to firms’ behaviours, governance and strategy.

In this endeavour economic sociology provides two useful insights. First, all money is defined by its use and by networks of information (Dodd 1994). The users of any monetary system rely on a complex articulation of institutions, technologies
and social conventions and understandings. Second, developing from Viviana Zelizer’s (1989; 1994) work, is the observation that cultural and social values shape how money is allocated, used and controlled. Although Marxian accounts stress the rationalising and homogenising potential of money as a universal equivalent, as the crystallisation of abstract labour power (Harvey 1989), money is not singular and undifferentiated because users inscribe it with their own meanings. Thus, Zelizer (1994) recognizes that social structures shape the allocation and use of money and that there exist multiple monies, earmarked for different purposes and imbued with different meanings. For my purposes in what follows, it is important to recognise that firm owners are born into networks of social relations that shape their attitudes to credit and debt, to financial intermediaries and so forth. In the context of studying ethnic entrepreneurship and ethnic enclave economies, Pnina Werbner (2001, p. 689) argues persuasively that,

the need is to probe beneath the visible, to uncover the invisible social processes that produce spatial clusters. This can only be achieved through economic models and methods of research that start from hidden transactions in particular goods and the social networks these generate.

In the remainder of the paper, I explore some of the (usually) invisible transactions that constitute the production and reproduction of a group of micro-businesses in Birmingham’s Jewellery Quarter. Just as it is important to explore the consumption histories and geographies of commodities (see Crewe and Gregson 1998), I explore some parts of the financial histories and geographies of designer-maker jewellery. Thus, I examine such seemingly mundane questions as how designer-makers buy their supplies, how they extract payment from customers, how they finance the purchase of extraordinary items and their plans (if any) to finance the realisation of their ambitions for
their firm. Before addressing these questions, however, it is important to outline the empirical context for what follows.

**Micro-businesses in Birmingham’s Jewellery Quarter**

Birmingham has been an internationally renowned centre of jewellery design and manufacture since the 18th century (Roche 1927; Wise 1949; Mason 1998; De Propris and Lazzaretti 2003; Pollard 2004a) and is responsible for about 50 per cent of UK jewellery manufacturing employment (DTI 2001; JQR2002). The Quarter is situated just north west of Birmingham city centre and is home to over 500 jewellery related firms (Pollard 2004a, Figure 1). The jewellery industry is one of the most highly geographically concentrated industries in the UK (Devereaux et al. 1999) and is typified by an elaborate social division of labour centred around a core of a few medium sized manufacturing firms, complemented by a host of small firms, micro-businesses (employing less than 10 people) and sole-trading outworkers who specialise in particular aspects of the division of labour, such as stone and bullion dealing, refining, gem setting, die making, casting, finishing, stamping, piercing and so forth.

The post-war period has entailed a steady contraction in employment and firms in the Quarter; lower wage producers from overseas have eroded UK producers’ share of nine carat gold jewellery produced for mass markets (for reviews see Smith 1987; Mason 1998; Pollard 2004a), while Swiss, German and most especially Italian producers have dominated higher value added markets (DTI 2001).

[Insert Figure 1]

Amidst this steady contraction, one of the few sources of optimism in the Quarter has been the emergence of over 100 so-called ‘designer-maker’ firms through the 1990s (JQR2002). Designer-makers are typically micro-businesses (employing less than ten people) or sole traders with strong artistic and creative
backgrounds who specialise in design-intensive, small batch and one-off production, rather than producing jewellery in large quantities for mass markets. As their title implies, designer-makers produce jewellery designs and then make up the jewellery. Depending on the nature of the piece, their skills and time pressures, however, designer-makers will often sub-contract some or, occasionally, all stages of production to specialist outworkers. Thus, for example, a designer-maker might design a ring with a complex gem setting and, having made the ring and selected the gem, they might then employ a specialist stone setter who is better able to set the gem to the required quality finish and to do it quickly.

As such, designer-makers occupy an intermediate position between larger manufacturers and specialist outworkers in the Quarter. In all sorts of ways - from their educational backgrounds, their demographics (most notably the presence of women and non-whites), their emphasis on design (rather than dexterity in all phases of manufacturing), their aversion of mass market jewellery, their willingness to experiment with many different materials and their formal and informal links to a range of educational, financial and policy institutions in the city - the designer-makers are marked as ‘different’ from the mass-market producers working with nine carat gold that typify the Jewellery Quarter (Pollard 2004b). Moreover, the designer-maker constituency has been embraced by policy makers in the city and region who are keen to consolidate and exploit the region’s reservoir of design talent, not only in jewellery production but also in ceramics, furniture and other sectors that form part of a so-called ‘High Value Added Consumer Products Cluster’ in the West Midlands (Birmingham City Council 2001; Berkeley et al. 2005). Nationally too, designer-makers are viewed as strategically crucial to the future the UK jewellery industry. In a blunt assessment of industry prospects, the
Department of Trade and Industry (DTI 2002:72) argued that designer-makers formed the ‘creative core’ of the sector and that, “without a flourishing designer-maker sector, it is unlikely that the UK jewellery manufacturing sector will thrive or long term even survive.”

**Making money: the sample of firms**

A recent survey suggested there were over 100 designer-makers in the Quarter (Jewellery Quarter Regeneration Project 2002) (working in jewellery, ceramics, textiles and other material) which tallies with estimates from designer-makers interviewed during the research. Through the 1990s the population of jewellery designer-makers in the Quarter grew in tandem with the operation of the Design Enterprise Fellowship Scheme, originally established through Taylor Burgess in 1993, and continued in the form of a DesignSpace 2000 scheme supported by the School of Jewellery, Birmingham City Council and the European Regional Development Fund. The scheme was designed to assist graduates to establish their own business and provided between ten to twenty designer-makers a year with twelve months in a free workshop, business and marketing advice and free access to three trade shows at which they could exhibit their work, meet other designers and start securing orders.

Interviews with 20 designer-maker jewellery firms in the Quarter were conducted between December 2002 and June 2003. All interviewees were either sole traders or identified (themselves) as the business owner. Several methods were employed to identify potential interviewees. A previous report on the designer-maker constituency in the Quarter (Burgess 1999) provided the first source of information. A second, and more important, source of information was provided by interviews with local policy makers, trade representatives and business advisors working in the Quarter. Finally, once the interviews commenced, individual designer-makers provided referrals to other designer-
makers. This form of access was important given the sensitive, proprietary and often very personal nature of the material I wanted to cover in interviews. In addition to interviews with designer-makers, interviews were also conducted with four ‘business advisers’ in Birmingham who have worked closely with designer-makers in the Quarter, giving them advice on funding, general business management and financial planning.

The main aim of the research was to reveal the nature and extent of firms’ financial networks. To this end, interviewees were asked about three elements of their financing; the business start-up, their ‘business as usual’ production cycle and, finally, their strategies for funding purchases beyond those normally required for production, for example buying new equipment, moving premises, expanding the business and so forth. Questions concerned how their firm was funded, how they managed cash flow, the nature, extent and geography of their flows of money, credit and financial advice. These are difficult subjects to research and to talk about. All interviewees were assured confidentiality and thus in the interview material I present, I refer to designer-makers only by number; I do not identify their gender or ethnicity. While this silence on these markers of identity is important for this paper, some of the major questions that emerge from this exercise for future research concern different experiences of and attitudes towards debt, risk, banks and other financial institutions and how these are mediated by gender, ethnicity and class. The interviews were semi-structured and lasted between 1.5 and 3.5 hours. 15 of the interviews were carried out in designer-makers’ workshops; the other five took place in two coffee bars in the Quarter.

In terms of the population sampled, the jewellers ranged between 26 and 58 years of age. Sixteen of the twenty sample firms were run by women. In the Taylor Burgess survey of 1998, over 60 per cent of respondents were women (Burgess 1999), testimony to one of the most significant dynamics in the growth of designer-makers in the Quarter.
Nineteen of the firm owners were British born, eighteen were white and seven were born in the West Midlands. No less than thirteen of the interviewees had received formal training through the Birmingham School of Jewellery; another four had received formal training elsewhere, leaving three designer-makers who had learned their trade ‘on the job’ working for other jewellers. One of the themes to emerge clearly from interviews was a sense of a relatively tight knit designer-maker community in which women play many prominent roles; many designer-makers had trained together, were used to seeing each other in the Quarter, at trade shows or had at one time shared workshop space or the same suppliers. While my interviews covered roughly 20 per cent of the designer-maker population in detail, designer-makers often mentioned news and stories about other designer-makers in the Quarter and, in this way, helped me to construct a fuller picture of the designer-maker constituency.

**Establishing the business**

Of the firms established, the oldest firm was formed in 1989, the youngest in 2002; the majority of the firms, however, were formed between 1997 and 2002. Table 1 provides some basic financial information about the firms. Eighteen of the twenty firms were not registered for Value Added Tax (VAT) (payable on turnover of over £60,000 per annum) and were sole traders employing no staff. Although 18 of the interviewees described jewellery production as their ‘full time’ job (over 35 hours a week), only 11 of 20 interviewees cited their jewellery business as their sole source of income. Taking on outwork for other jewellers, part time teaching and the earnings of partners were all cited as important additional sources of income. Only 15 of the 20 designer-makers had turnover sufficient to warrant operating a business bank account in addition to their personal account (although another two designer-makers had recently closed business bank accounts because of low turnover and a desire to avoid bank charges). Designer-
makers were not always comfortable discussing their take-home pay. For those that were prepared to discuss the issue, figures given ranged between £12-20,000 per annum and some designer-makers reported costs that exceeded their income.

What emerges from the interviews is a picture of a low wage, cash poor, environment in which reliance on some other form of income is common. Designer-makers’ passion for their art, rather than solely commercial considerations, is integral to the formation and survival of these micro-businesses. As one designer-maker put it, “Again, this is why I’m not a millionaire; I have never actually had a concept of myself as a business person. When I was a student, business? What’s that?...I was an artist, I was at art school, I was being artistic, creative and that’s really where it ended for me….My [partner] is my main source of income. I mean if [he/she] wasn’t working, this wouldn’t pay the bills”(Designer Maker (DM) 1).

When setting up in business, designer-makers face relatively low financial barriers to entry. The main costs involve securing workshop space with adequate lighting and gas supply and buying some tools. The designer-makers were asked about all the sources of funds they had drawn upon since the inception of their firm (Figure 2). Interviewees reported that their most important sources of start up funds were gifts or loans from family and grants and loans from agencies such as the Prince’s Trust (a UK charity set up to help 14-30 year olds), Arrow Fund (a West Midlands’ based fund for businesses unable to raise all their finance from banks), Enterprise Link, Birmingham City Council and West Midlands Arts. As is typical of UK small businesses in general, limited assets and funding requirements mean that if and when this constituency seek external funding, they are heavily reliant on banks and debt finance (Mayo et al. 1998; Cosh and Hughes 2000).

[Insert Figure 2]
[Insert Table 1 here]
The designer-makers were also asked about the location of their sources of funding (Figure 3). Over 80 per cent of their grant funds and all their loans (excluding those from family members) originated in the Jewellery Quarter or the wider West Midlands region. Those that had been trained through the School of Jewellery’s DesignSpace programme had access to business and funding advice that put them in contact with local financial advisors and helped them prepare business plans. A number of designer-makers felt there were financial advantages attached to their presence in the Quarter;

“if I’d have been stuck in Walsall, for example, I wouldn’t have had access to half the funds that have been available in Birmingham” (DM3).

Another commented,

“that’s another reason why I have stayed in the Midlands, because financially there’s a lot, there has been a lot of money around to help us, there’s a lot of little projects and things springing up, and also liaising with the School of Jewellery and the Innovation Centre, there are opportunities there that you don’t get elsewhere” (DM12).

Finally, designer-makers were asked about which sources of advice and referral they relied upon in setting up their business and accessing their funds. The most commonly used sources were other designer-makers and family members. Designer-makers particularly sought advice from their peers in two areas. First, workshop mates and other designer-makers were important sources of information for referrals to banks and accountants; over half of all the accountants used by designer-makers, for example, were referred by other designer-makers in the Quarter. Second, designer-makers passed on general financial ‘know how’ concerned with financial management, most frequently
advice on how to deal with late paying customers. Other designer-makers with established businesses were respected because, unlike most business advisers and banks, they ‘knew the trade’ and the travails of life as a designer-maker.

Business as usual: money times

Before considering the daily cash flow management practices of designer-makers, it is important to understand the nature of their production cycle, the flows of commodities and the vertical relations (with suppliers, outworkers, customers) and horizontal relations (with other designer-makers) through which production is achieved (see Malmberg and Maskell 2002). In terms of customers, the designer-makers interviewed typically take orders for pieces of jewellery (which can vary from £10 up to several thousand pounds sterling) at a trade or craft fair or else individual pieces are commissioned by private customers who visit their workshops in the Quarter. The designer-makers described serving three groups of customers: retail shops (from small specialist jewellers through to leading high street department stores), galleries and private individuals. Their jewellery is typically aimed at,

“people who are looking for something different, they don’t want to buy a piece of jewellery that you can get in [major jewellery retailer], they don’t want to buy something that is mass produced, they want something that is a bit different and that has, they feel, something more to say” (DM1).

Upon receipt of the order from a new customer, the designer-maker would issue a pro-forma invoice detailing a thirty day payment term and then buy bullion, stones and other necessary materials and, if necessary, organise any outwork (for example, casting) in order to make up the order. Upon delivery, private clients would then have thirty days to pay for the goods.
Designer-makers described the financing of their production in terms of managing distinct rhythms of flows of money into/out of their firms. Specifically, much of the flow of money and credit is initiated via formal (contractually agreed) and/or informal understandings of thirty or sixty day cycles. A designer-maker summarised the major predicament of managing the cycle of converting money into capital and back into money again in their production cycle;

“We’re often going into overdraft because, you know, you get 30 orders all at once when you’ve done a trade show and I’ve got to buy all the bullion and it’s going to be 60 or 90 days before I get paid because I’ve got to make it and get it out there” (DM2).

Overlying these temporal rhythms is also the seasonal character of jewellery production and trade. The peak time for jewellery sales in the UK is the Christmas period and, typically, production is geared up in the autumn months to meet retailers’ demand for Christmas sales. For designer-makers, Christmas is a key time for sales but, unlike traditional manufacturers, they also have peaks in their production around their two or three major trade shows a year. Following one of the major trade shows in September (and the associated orders) each year one designer noted,

“October is horrible, I’m just skint. And you know you have to go out and buy lots of bullion. It is a lot to do, juggling, and then I think end of November the 30 day cheques come trickling in and then December. January is a very good month, then it’s your tax bill!” (DM4).

In terms of the day to day running of their businesses, the most important sources mentioned, and used by the highest proportion of designer-makers, were trade credit and overdraft facilities with their bank.
Business as usual: money spaces

In order to gauge the geographies of designer-makers production systems, and following Gertler et al. (2000), they were asked to estimate the relative importance (in percentage terms) of different regions as sources of customers, supplies (stones, bullion and other materials), outwork (for tasks such as casting, polishing etc) and competition. The results (see Table 2) illustrate an overwhelming reliance on the Jewellery Quarter as a source of all outwork and an estimated 94 per cent of all supplies. This is not surprising and resonates with theoretical literatures alluded to earlier that have developed Marshall’s (1895) observations on localisation economies associated with the existence of local pools of specialised labour, specialised suppliers and reduced transactions costs achieved through spatial proximity.

What emerges from this exercise, however, is a sense not only of the central importance of time in financing their production cycles, but also designer-makers’ reliance on a highly localised form of credit, namely trade credit. This was of greater significance in the day to day operation of their business - in terms of both the amounts they borrowed and in terms of their frequency of use - than their overdraft facilities or any loan or grant monies. Designer-makers operated trade accounts with a range of suppliers for amounts as small as £20, ranging up to several thousand pounds at any one time. Securing access to trade credit in the Quarter is by no means automatic. Designer-makers felt it was important to establish and nurture relationships with casters, bullion companies and others with whom they were seeking trade credit. Such relationships were usually developed through repeated face to face and sometimes telephone conversations and sometimes involved a referral from another designer-maker (DM2, DM6, DM7). One designer-maker commented, “I mean, it takes you a while before you can have an
account. You have to have references” (DM2). Another elaborated on their conditions of trade credit;

“The most [trade credit] is 30 days, and most of my suppliers give me 30 days, like my caster, my diamond dealer I’ve got 30 days as well. It’s only for silver when I buy for chains or bangles; that’s when I pay cash. Particularly at Christmas it’s fantastic because I’ve got this credit and you’re spending quite a lot of money. And because I know people, the caster, at Christmas I spent £3000 with him and he let me pay it off in instalments. So I think I paid off £1500 in 30 days….so that’s like I have built up that relationship with him as well. It is a lot about juggling money around.” (DM4).

The designer-makers also commented on the importance of respecting the boundaries of their trade credit and paying their local suppliers promptly:

“I would like to think that I was quite respectful of it because I know how frustrating it is for people to take the mick from my point of view….And if you always pay up, if you want something doing quickly then you try and build up a friendly relationship. Yeah. They get to know you because it is a small community” (DM7).

In terms of the ‘business as usual’ entailed in securing their raw materials then, designer-makers engage in a series of oft-repeated, short term financial relations with their overwhelmingly local (Table 2) suppliers. Moreover, there are ritualised conventions of behaviour that, in essence, control self interest and restrain behaviour that threatens market integrity. Thus, late or non-payment can involve serious sanctions in the form of the closing of accounts, refusal to supply goods or simply slowing down delivery of goods (DM2, DM7, DM8).
Receiving payment from customers for completed work, however, involves a different set of times and spaces and much greater financial uncertainty for designer-makers. As Table 2 reveals, only eight per cent of designer-makers’ reported customers are based in the West Midlands region; one of the recurring themes of interviews was the lack of local/regional gallery or retail space for their work (see Pollard 2004b). Designer-makers are thus involved in a series of more distanced financial interactions with private customers, galleries and retailers. These interactions are rarely negotiated face to face and were described as more difficult to regulate. Overall, the designer-makers reported few problems with private customers and late payment, though many had tightened up their systems of sending out invoices for work after initial learning experiences with late paying customers. Most private customers,

“work [on paying in] 30 days and they’re pretty good. The larger companies are always worse; they’re always going to try and push you to 60” (DM8).

Another noted,

“Most of them, again, most of them are good. We have some terrible customers that we have to pester. There’s one or two typically bad ones who, I’ve not got any reason to think that they won’t pay, but it is a bit concerning when they go 6 months without paying, which when you’re talking £8000 of work and you’re expecting it” (DM6).

Designer-makers usually incur a further element of financial uncertainty when making jewellery for retailers and galleries, many of whom use a system called ‘sale or return’ (SOR). In this system designer-makers provide shops/galleries with jewellery to display and if/when the items sell, the shop/gallery pays the designer. If the pieces go unsold for any length of time, they are returned to the designer-maker with no payment. Thus the designer-maker, and not the retailer, carries the financial risk of no sale. Three
quarters of the designer-makers interviewed reported providing jewellery to shops or galleries on a sale or return basis at some time in their career, although opinions were mixed on the benefits and costs of the system. Amongst younger designer-makers in particular, sale or return was viewed as a strategy to gain visibility for their work:

“Yeah, a nice big department store, they’ve got lots of branches…there’s a new one opening in Birmingham soon, so I will be contacting the jewellery buyer and saying “look, I’ve got some new pieces, why don’t we try them out and I’ll do them sale or return for you, you know, you haven’t got to worry about spending money” and just take it from there. If they’re not interested, then that’s fine. But when it’s sale or return, they usually jump at it” (DM9).

Another designer-maker felt very differently:

“We’ve never really done sale or return…it’s not really something we have dabbled in just because I’ve dug in my heels really. I didn’t see why I should live off 20 pence noodles while they had a lovely shop. So if it’s good enough to put in your shop, it’s good enough to buy” (DM2).

Other designer-makers reported offering items for sale or return only as an incentive for shops/galleries that put in large orders for jewellery they were paying for outright (DM6). Four of the designer-makers commented that sale or return was something that they had done in the past, but were inclined to do less of as their business grew. As one of them put it;

“You feel at the beginning when you’re just starting out, anybody that will have your work in their gallery, that’s got to be a good thing, but it’s not necessarily…what they have is an empty showcase and they need to fill it….I learned from someone else in the trade who works in my building and he quite early on said to me “they only want to make their gallery look good. Don’t
flatter yourself that they want your work”. And that’s a hard lesson to learn.”

(DM1)

Designer-makers thus expressed a good deal of ambivalence about their financial relationships with retailers and galleries; both constituencies need each other, but relationships are often asymmetrical with large department stores in particular in a position to dictate terms to designer-makers needing to advertise their name and sell their work. What was also clear was designer-makers’ tolerance for relations such as sale or return varied over time and typically diminished as they gained more experience and confidence in the trade.

After trade credit, the other most widely used form of borrowing was a bank overdraft, used most often, to iron out uneven cash flows into and out of their businesses. Reliance on an overdraft also waxed and waned with the annual production cycle, with peaks around Christmas and trade shows;

“I usually have one [an overdraft] around September time…It’s September time because I do a trade show so I need to pay for quite a lot initially, like £2000 for things like the actual stand, and having been quiet in the summer months, I usually need an overdraft” (DM4).

Although widely relied upon, designer-makers expressed a good deal more caution and unease about the use of such facilities. Trade credit and overdraft facilities, while both widely used, are premised on very different patterns of social and economic relations. Designer-makers described an affinity with their trade suppliers and outworkers as they were all ‘part of the trade’, the very essence of the Jewellery Quarter and dependent upon each others labours. Designer-makers viewed banks rather differently;

“The bank certainly make their money on the business account [smiles]…I often do have little words because, one thing that annoys me is that there is no
definition between a small business and a multi-million pound business, we get charged the same rates...it’s £700 a year in bank charges, it’s still a fair old whack to have a bank account” (DM6).

Another commented,

“I don’t feel comfortable having an overdraft… I hate it, I wish I could just throw money at it and pay it off. I’m not comfortable with it at all” (DM10).

All the designer-makers operating business bank accounts had opened accounts with a bank in the Quarter. Though uncomfortable with the charges, they were aware of the symbolic, and not just economic, significance of having a business account; it signalled that their turnover and transactions were above a minimum threshold and that they were ‘serious’ about their business (DM2, DM6, DM7, Business Advisor (BA)1, BA2). While business advisors encouraged designer-makers to participate in these forms of positive financial ‘signalling’ in the Quarter, other forms of signalling, like participating in debt counselling, were avoided in the Quarter. As one business advisor put it,

“we had an outreach office in [the Jewellery Quarter]. Didn’t work because, we think we were too rooted firmly in the heart of the Jewellery Quarter. Very close knit business community. People were worrying about being seen to be beating a path to [our] door. We didn’t really ever take off….we didn’t get the business coming through the door as we expected. We now stay in our glorious offices here [in central Birmingham but outside the Jewellery Quarter] and businesses come and see us and it’s anonymous; you’re not going to see your fellow jeweller when you are here. We have actually picked up if anything; we’re getting more and more jewellers who are actually coming to us for help” (BA1).

In sum, designer-makers described the inflows and outflows of money associated with their production in terms of a series of repeated, highly localised and disciplined
relations with suppliers and a set of more temporally and geographically diverse and potentially uncertain relations with their customers. In the low turnover, low wage environment of the designer-makers, completing payment cycles on time, as often as possible, is fundamental to managing cash flows; late payment or in one instance non-payment by customers stretched some designer-makers to breaking point (DM8). One designer-maker succinctly observed the fragility of the designer-makers’ financial reproduction;

“I think sometimes they’re not aware, some funding streams aren’t aware of how close to the bone you actually work and how easily it could all just go belly up” (DM2).

Beyond business as usual

When asked about how they might fund purchases beyond those normally required for production, for example buying new equipment, moving premises, employing another jeweller and so forth, the designer-makers expressed a preference for relying on internally generated funds or grant income. This resonates with literatures on firm finance in economic sociology, economics and management that note firms’ preferences for financing out of retained earnings. This preference is usually articulated theoretically in terms of managing ‘control costs’ (Mizruchi and Stearns 1994); in essence, entrepreneurs want themselves, and not a financial institution, to control their business destinies. For many of the designer-makers, ‘external’ debt, that is, external to their family, is articulated in terms of fear and a loss of control;

“To be honest, I don’t really think about buying anything unless I’ve got the money. I would never get a loan. I’m from a working class background and people don’t like loans. I have got a fear of not paying them back. I like to
think that if I wanted to stop running this business tomorrow I could just stop; I could just pay off whoever I owe and just finish” (DM2).

Another commented,

“I like to think I pay for things as and when they should be paid for. It scares me to death the thought of getting into debt. It would worry me to death to have to get a loan out”(DM6).

Only two of the designer-makers had had a bank loan (other start up loans came from groups like the Prince’s Trust) and only 11 said they would consider approaching their bank for a loan in the future. Of those prepared to consider a bank loan, there were a number of different motivations. Reminiscent of Zelizer’s (1994) discussion about ‘earmarking’ money for different purposes, one designer-maker argued that a bank loan might introduce more discipline into their financial management;

“My approach so far is that I would take it [any money needed for large purchases] from savings, but I know that’s not really a realistic thing to do because I know I won’t pay myself back. I think “I’ll pay that back” and of course I never do and it would be much more sensible for me to get the money from another body that I would pay back” (DM10).

In essence, the designer-makers described themselves as financially cautious and keen to be able to ‘roll along’ and consolidate rather than take on significant debt.

**Ambitions for the future**

A key question for designer-makers, especially in the context of assessing their potential for realising the ambitions of policy makers, concerns their future ambitions for their businesses. Figure 4 describes the results. The most popular
ambition was being able to support a shop or gallery in which they could display their and others’ work. This option was popular due to the lack of local display space and also for its potential to improve designer-makers’ margins and allow them to wrestle some control away from jewellery retailers. Designer-makers reported that jewellery retailers and department stores buying their jewellery routinely added 200-300 per cent to the price when selling it on to customers (DM4, DM6, DM11, DM18). Moreover, retailers’ insistence on maintaining these high margins discouraged them from buying designer-makers more expensive items. Being able to tap into some of these higher margins by retailing their own work, however, involves some serious financial obstacles;

“the trouble is that most of the designer-makers can’t afford to have their own shop. It’s not just the rent, it’s a big investment to kit it out and make it look exactly how you want it, to get the right image and that” (DM13).

Another group of the designer-makers cited the desire simply to survive, to improve their financial performance to the point where it made sense for them to stay in the trade. For one designer-maker, this meant educating their customers to pay more for high quality work (DM8), for others, any hopes of expansion imply,

“I would have to change something, the production techniques or the ranges I do. Do something more commercial, which is like selling out” (DM3).

The remainder stated the desire to increase turnover to become VAT registered and to produce jewellery that made ‘a statement’ that realised their design ideas (DM11).

Financial futures in the Jewellery Quarter
From this discussion of the financial condition, operation and aspirations of the designer-makers, what it is possible to say about this constituency as a force for the rejuvenation of the Quarter? The first point to make is that the designer-makers interviewed are operating in the lower reaches of, or in some cases outside, the business owning population who could be considered ‘financially included’ in terms of their access to funds from mainstream financial institutions (BA1, BA2). Although I have emphasised the situated, social and cultural elements of designer-makers financial networks, it is important not to lose sight of the abstract, disciplining force of money that shapes firms’ investment opportunities and decision making. Their small size, limited assets and low turnover leave them vulnerable to fluctuations in trade conditions or to the whims of late or non-paying customers. Although their financial relations with trade suppliers in the Quarter can help ameliorate these vicissitudes of economic life, designer-makers still face difficulties maintaining their turnover, let alone planning for growth. Moreover, designer-makers, like other self employed or micro-business owners, face the vagaries of sickness, relationship breakdowns or other changes in domestic circumstances which can threaten the economic viability or rationale for their business.

The second, related point to make here is one that reiterates the social (and material) construction of economies: the designer-makers had relatively little commercial or financial training (BA1, BA2) and varying degrees of sensitivity to the commercial potential of their jewellery. This is a sector in which ‘economies of regard’ (Lee 2000; see also Raven and Pinch 2003) operate, where passion, exploration and the sense of achievement gained from producing high quality jewellery, and not profit maximisation per se, appear to be the key economic ‘tests’. Thus, designer-makers articulate their difference from the (declining) population of ‘traditional’ jewellery manufacturers in the Quarter not in any coherent vision of their future economic prospects, but rather in terms
of their autonomy, their abilities and their participation in what they described as a uniquely well equipped production network with specialist people, materials and institutions. The designer-makers, while still subject to the norms of capitalist exchange relations, are testimony to the “differentiated multiplicity of economic forms” (Gibson-Graham 1995, p. 279) and motivations that produce economic activity.

Third, however, it is important to recognise that public policy has been crucial to the growth of the designer-maker population. Centred on the Quarter’s Jewellery School, schemes like DesignSpace not only trained designers in jewellery, textiles, ceramics and other media but also provided specialist business support to help designers make the transition into business. In addition to the generic, (and largely unused by this sample of designer-makers) business support such as the DTI’s Business Link, the Jewellery School has acted as a point of contact to sectorally knowledgeable business advisors, some with employment histories in the Quarter. The DesignSpace scheme ended in 2002 and the flow of new designers into the Quarter has since slowed (DM12, BA2) although there are plans to fund a further scheme. Given the precarious financial condition of the trade, further support and co-ordination is essential if these firms are to mature to the point where they can provide further opportunities for employment and training and if they are ever to generate sufficient critical mass to create the conditions for the growth and consolidation of a broader design community.

This financial ‘cut’ through the designer-makers’ businesses indicates that their survival is by no means assured and that planning for growth poses major financial challenges. Such financial challenges are articulated not only in terms of affordability, but also in broader cultural terms. To own a shop or gallery, or to take on staff and grow their businesses, the designer-makers need to negotiate greater
involvement with external sources of funding, a significant ‘step up’ in their exposure to risk and in their relationship with their financier(s). As a business adviser put it;

“It’s good if they can access free money, grants, loans at 0% or whatever, but the main thing is that the business is commercially viable. Really, any business, a lot of businesses have bank loans etc and they can afford to pay those loans back. So if these guys [sic] are really serious about where they are going and what they are going to do then at some point they are going to have to approach the bank” (BA2).

One designer-maker described the context in which they were nearing a decision to seek external funding to realise the ambition to open a shop;

When I graduated I was of the mentality that I have got nothing so I have nothing to lose, I might as well carry on for another 12 months and try and do my own thing and if it works out, great, if not, I’ll look for a job…now I have got someone else that wants paying, I’ve got a mortgage, I’ve got all of these things now, so it’s a little bit of a risk. Luckily my partner, although [s/he] does [his/her] own thing, is very much involved in the business as well, so we discuss what is going on. We kind of decided that if we could find the right location, we would potentially give it a go [getting a shop]. I won’t go out and get a £50,000 loan, but I would certainly consider a £10,000 loan. I think I would have the confidence to do that (DM12).

This designer-maker was perhaps one of the more confident and ambitious of the interviewees and the closest to seeking a larger loan from an external source. For many of the designer-makers interviewed with ambitions to become VAT registered and to open a
gallery or shop, it is either too early in their career, or not feasible in their current family circumstances, to consider taking on such financial risk.

Beyond these hard realities of life for micro-businesses is, of course, the constant threat of the competitive dynamism of the sector. For all their references to collegiality, the designer-makers also estimated that half of what they felt to be their main competition came from other designer-makers in the Quarter. They also reported growing concerns with larger manufacturers in the Quarter who now send staff to designer-maker trade shows in order to copy and then mass produce and market ‘designer jewellery’ (DM6, DM1, DM12, DM4, DM19). As Crewe et al. (2003) have argued in the context of retro retailers, those producing or selling ‘creative’ or ‘alternative’ products face the dilemma that those products that sell well are always vulnerable to appropriation by the ‘mainstream’.

At the risk of generalising across the divergent experiences, circumstances and ambitions of the designer-makers, the most feasible growth strategy for these micro-businesses is likely to be one of slow consolidation and reinvestment of retained earnings. In so doing, and without the ability to afford their own retail space, they face the likely dilemma of developing stronger links with retailers and high street department stores and yielding to pressure to produce more commercial jewellery. The financial vantage point developed here suggests that translating the undoubted creative talent and excitement surrounding the designer-maker community into the kind of commercially viable entities that not only support individual families, but also slow the erosion of specialist jewellery related assets in the Quarter and provide a platform for its future, will be a formidable economic and cultural challenge.

Conclusions
In this paper, I have argued that the production of designer-maker jewellery in Birmingham’s Jewellery Quarter is constituted and reproduced through different financial geographies. One of the most important financial spaces for these micro-businesses is the Jewellery Quarter itself; a site not only of transactions, but also interdependencies, learning and referral that helps designer-makers navigate the ebb and flow of their production cycles. The Quarter is home to the designer-makers’ most important sources of credit, most of their banking transactions and to their peer networks that provide intelligence on banks, other financial professionals, late-paying customers and sources of funding. Beyond the Quarter, the city of Birmingham and the West Midlands region house public sector agencies and charities that have targeted support to a suite of artistic and creative industries, including the jewellery sector. Beyond what I have examined here, designer-makers’ financial networks operate through households, family connections and other financial intermediaries.

In addition, the paper illustrates that the economic, social and cultural dynamics through which these financial geographies are achieved cannot be taken or granted. Designer-maker firms are constituted through networks of financial relations with suppliers, peers, customers, financial intermediaries, public sector institutions and households. Class, ethnicity, and most especially in the context of this research gender, can mediate beliefs about money and its uses, relations with suppliers, financial institutions, and public sector infrastructure and support. These issues merit much greater research. Relatively little economic-geographical research, for example, has considered gender differences in entrepreneurship, financial behaviour, use of money and willingness to access external finance. Moreover, designer-makers engage in various money practices that reveal very different aspirations, power relations and spatialities. Some financial practices, like giving advice on how to deal with late paying customers, are shared
informally (and also formally in the Quarter) between designer-makers and are cited as demonstrating the collegiality of the trade. Other practices (like opening a business account, working with an accountant or business advisor) are actively ‘signalled’ in the Quarter and beyond for the benefit of intermediaries and financial institutions. By contrast, debt counselling is something of a taboo subject and now, courtesy of the decision to physically re-locate its provision outside the Quarter, largely hidden from other jewellers and suppliers in the Quarter.

In terms of future prospects, insights into designer-makers’ financial relationships and practices provide a revealing vantage point from which to assess the possibilities for, and limits upon, their future growth. Many designer-makers articulated their business ambitions, tellingly, in terms of a household (and not Jewellery Quarter) strategy and expressed ambivalence about financial planning, marketing and generally embracing the ‘commercial’ side of their work. They were aware of some of the disjuncture between policy excitement about their future, their feelings about their work and the hard boundaries of financial inclusion that discipline and constrain their purchasing, put a price on their banking transactions and access to credit and shape their attitudes to debt and risk. The financial networks that form part of the ‘industry in the air’ in the Quarter explain, in part, how designer-makers (and others) survive in a low wage, cash poor environment that can involve long hours and some difficult choices between practising a craft and compromising one’s autonomy to sell jewellery on a commercial basis. The social networks that facilitate trade credit represent one ‘fix’ that helps designer-makers ameliorate the financial uncertainties of co-ordinating numerous and overlapping financial cycles. These networks deserve much greater research.

Finally, it is important to note that these comments on designer-makers’ financial networks are, of course, only a partial snapshot of the financial dynamics of designer-
makers. Banks and other funding agencies in and outside the Quarter are not static, passive agencies and their experiences, visibility and levels of activity with designer-makers are varied and changing as they restructure, downgrade branches and further centralise lending authority. Future research should thus further our understandings of the mundane, taken for granted, practices of firms’ financial reproduction firms, while also integrating these with analyses of the suppliers and regulators of credit and broader political economic understandings of firms’ competitive environments.
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Table 1: Some financial characteristics of the sample firms

<table>
<thead>
<tr>
<th>Sample Firms</th>
<th>Average</th>
<th>Median</th>
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<tbody>
<tr>
<td>Annual Turnover</td>
<td>£33,727</td>
<td>£20,000</td>
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<tr>
<td>Grants received</td>
<td>£1150</td>
<td>£1000</td>
</tr>
<tr>
<td>Loans received</td>
<td>£1550</td>
<td>£1500</td>
</tr>
<tr>
<td>Estimated Annual Workshop Rent Paid</td>
<td>£1512</td>
<td>£1440</td>
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</table>
Table 2: Location of designer-makers’ customers, competitors, materials and outwork suppliers

<table>
<thead>
<tr>
<th>%</th>
<th>JQ</th>
<th>West Midlands</th>
<th>Rest of UK</th>
<th>Overseas</th>
<th>Total %</th>
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</thead>
<tbody>
<tr>
<td>Customers</td>
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<td>91</td>
<td>1</td>
<td>100</td>
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<tr>
<td>Competitors</td>
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<td>50</td>
<td>0</td>
<td>100</td>
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<tr>
<td>Stone/bullion/materials suppliers</td>
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<td>1</td>
<td>4.5</td>
<td>0.5</td>
<td>100</td>
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<tr>
<td>Outwork suppliers</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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