

CORPORATE CAMBRIDGE (2)

COMPANY BIRTHS AND DEATHS IN CAMBRIDGE

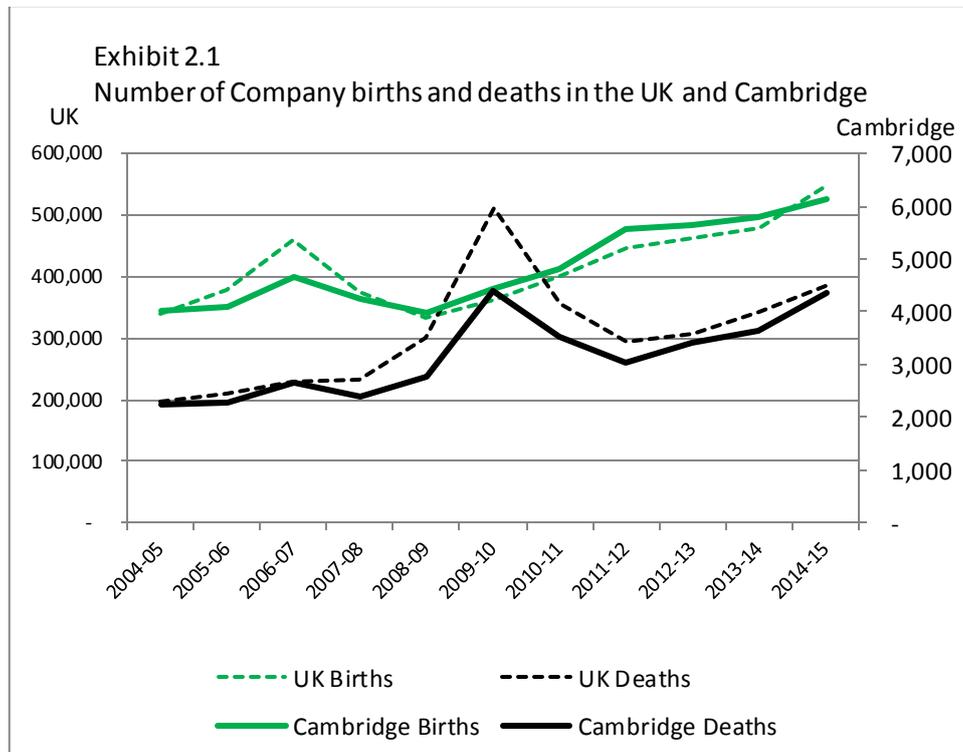
Cambridge shows resilience during the recession and persistent growth in company numbers

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and losing about 4,000 companies each year.

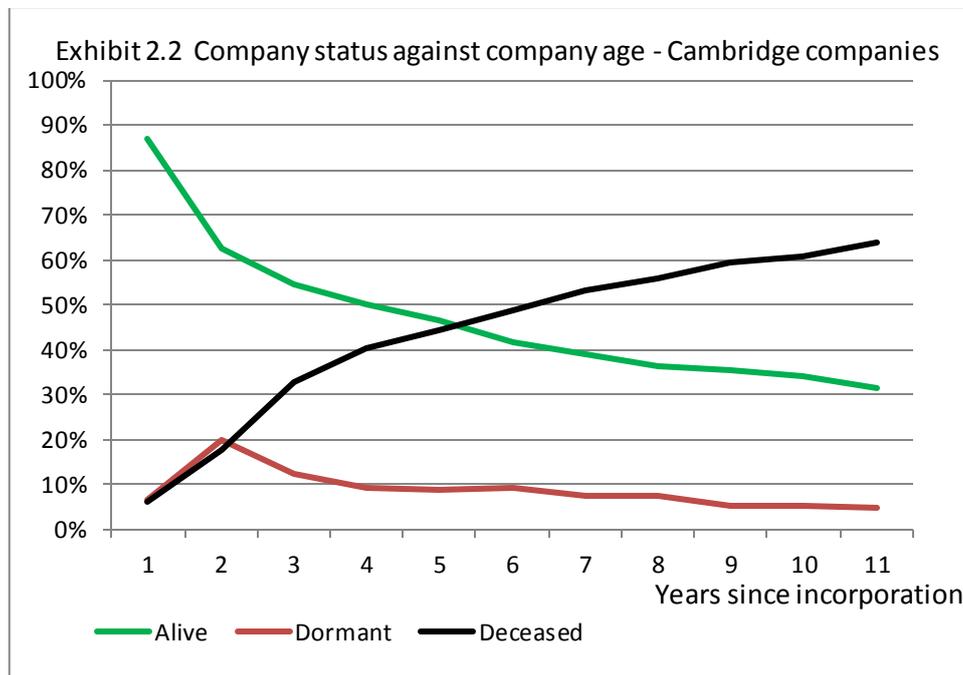
The detailed methodology used to create the Cambridge Cluster map for Cambridge Ahead (see <http://www.cambridgeahead.co.uk/wp-content/uploads/2016/02/CBR-Database-Methodology-Feb-2016.pdf>) cannot be reproduced easily for the rest of the economy. Therefore, in order to compare the Cambridge Ahead area (a 20 mile radius of the centre of Cambridge) with the rest of the United Kingdom a simpler approach was adopted in producing the exhibit below.

This analysis examines corporate births by date of incorporation and deaths (by date of liquidation or receivership) over the last eleven years. Cambridge births represent 1.2% of the whole United Kingdom. The credit crunch years showed lowered births and raised deaths, but these were far less pronounced in the Cambridge area. Indeed, there has been a net addition to the stock of companies in the Cambridge area in each of the last ten years. Recent years have seen a marked recovery in both Cambridge and the UK economy in terms of net births.



A dynamic entrepreneurial environment is associated with a high rate of company births and deaths. Experimentation is an integral part of an innovative culture. The Cambridge region is currently creating about 6000 companies each year and losing about 4,000 companies through liquidation, or receivership.

The exhibit below shows that most deaths are young companies –40% die within four years of formation and 60% within nine years. Providing that new businesses are being formed at a rate at least equal to this attrition then the local economy will thrive.



Note on methodology

The charts above relate to the full FAME UK company population. The companies may be parent companies, or their subsidiaries. Births will include cases where there is not a wholly new start-up. Births that are not de novo start-ups will include cases where a foreign company acquires a subsidiary that previously existed as an independent company; or where a company restructures and forms a new company registration without changing its activities.



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February 2016