B4&A6
BEFORE & AFTER 6

Preparing to Operate In A Post Recession Environment: Equipping Our Companies To Compete And Succeed

Conference & Workshop Presentations

Before & After 6 Conference 2009

10th November 2009
RAF Club London

Before & After 6

The Exclusive Community for Mid-Sized Businesses

Before & After 6 is all about trust, ethical business and sharing of knowledge. It is an exclusive business network and participation is by invitation.

It is aimed at companies working in mid-sized and larger space. There is no commercial agenda driving our activities.

Over the last four years, there has been continued growth, and today, the sheer wealth of business acumen represented by our members is the envy of other business networks.

Our meetings serve as a platform for discussion and open networking. Such discussions add value, allowing us to share our particular expertise, highlight case studies and best practices and add to the overall value the network has delivered these last years.

Together, we have built a fantastic community and we proudly and confidently refer fellow members to contacts within and outside this network.

Noreen Cesareo
Founder and Chairperson

Conference Programme

Conference Programme

B4&A6
BEFORE & AFTER 6

Work Groups

Workgroups Session A

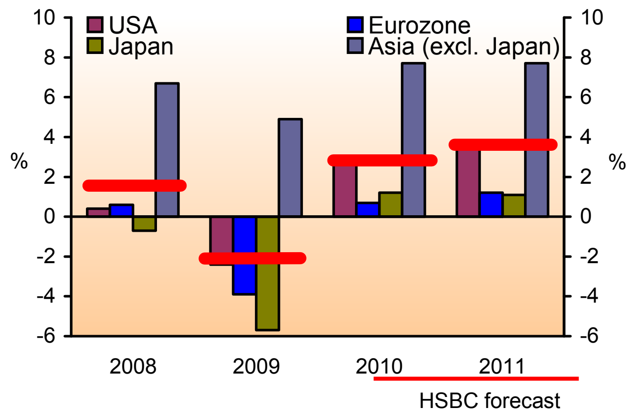
Workgroups Session B

Picking Up The Pieces: Outlook for The Global and UK Economies

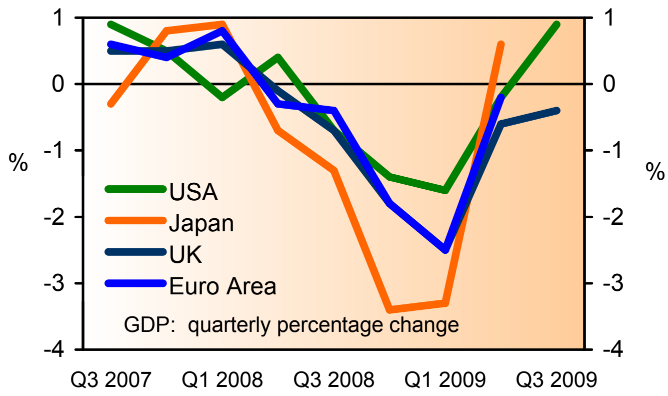
Mark Berrisford-Smith, Senior Economist, HSBC

The global economy: back from the brink

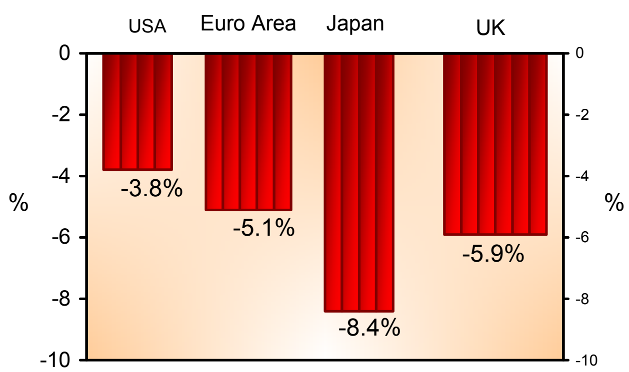
- The biggest downturn since 1945



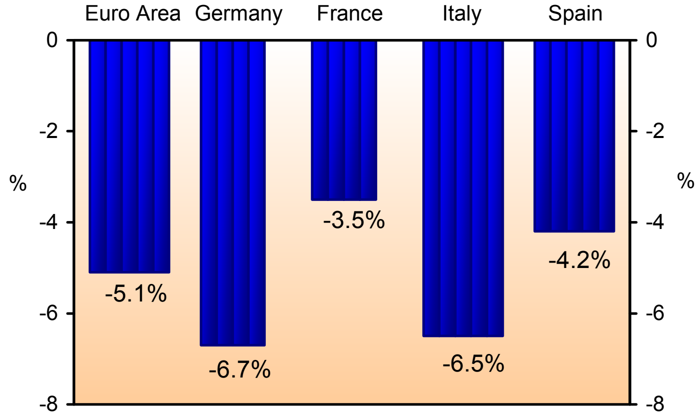
- Most of the G7 are recovering



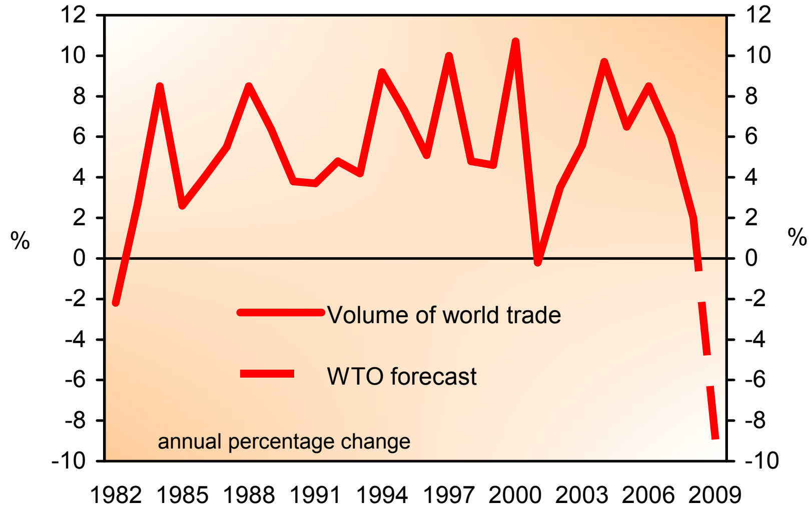
- Length and depth of recessions



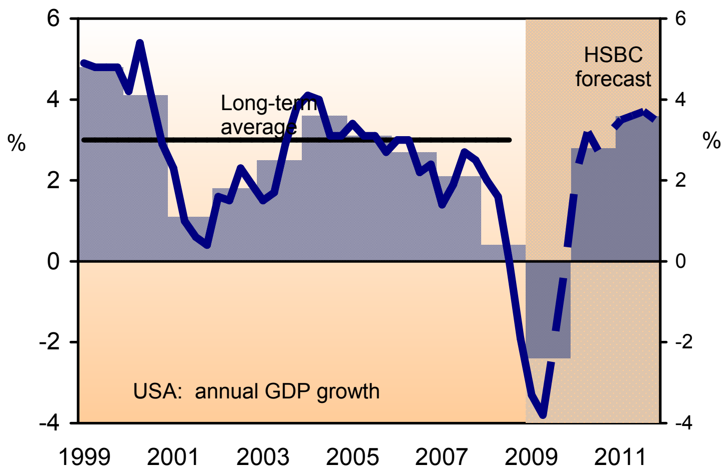
- France gets off light



- The biggest one-year slump in international trade

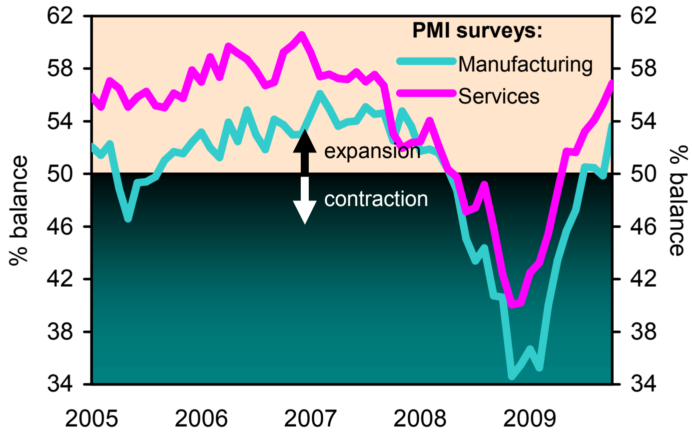


- A return to virtue

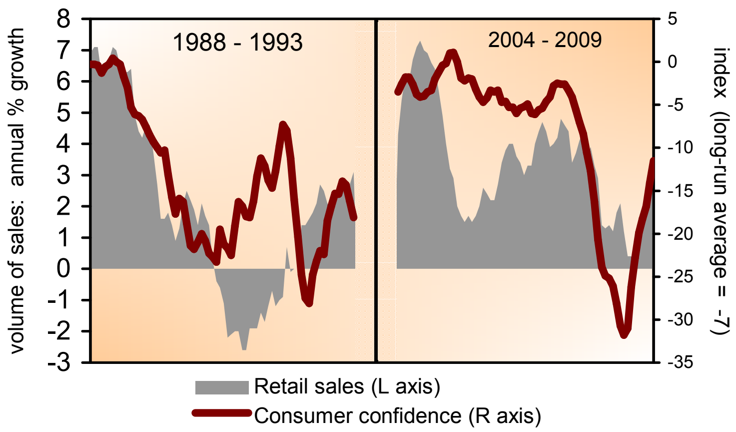


Britain: from age of prosperity to age of austerity

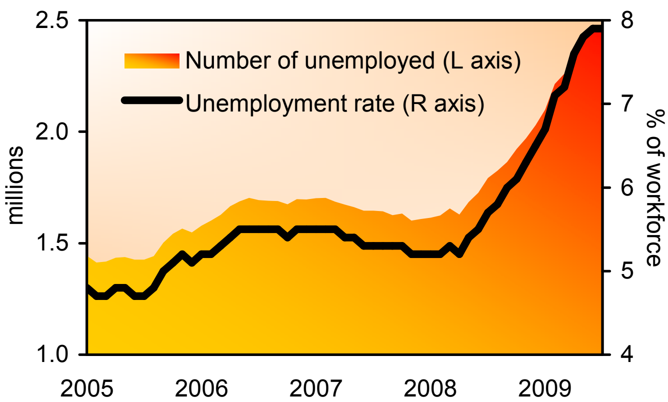
1. Business surveys suggest that activity is expanding again.
   - Business surveys – back in positive territory.



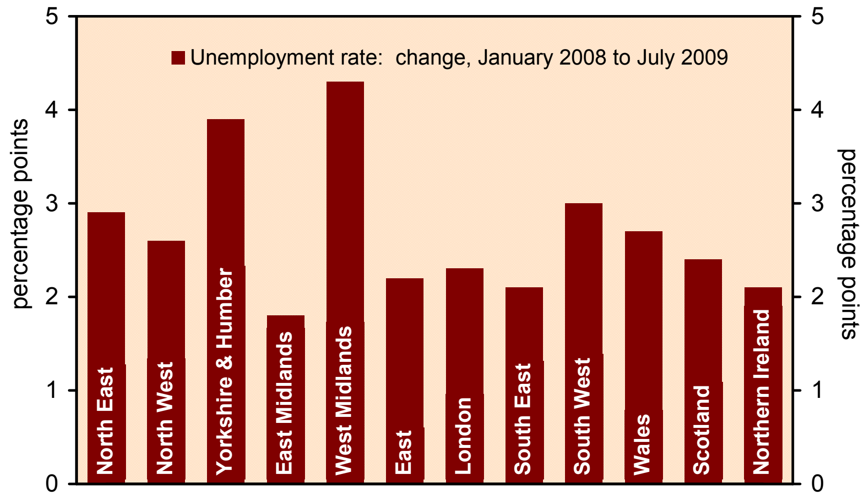
2. The consumer landscape hasn't been the disaster that many had feared.
   - Retail spending – modest expansion



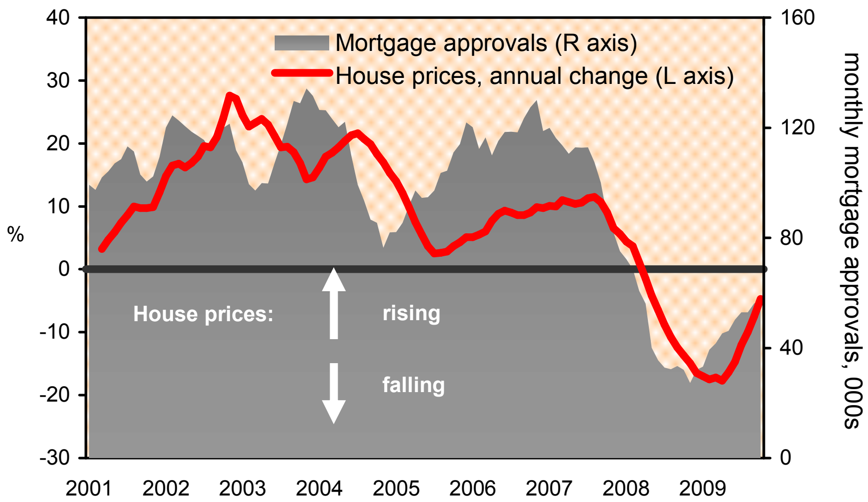
3. Unemployment has further to rise, but is unlikely to reach three million.
   - Topping out at under three million



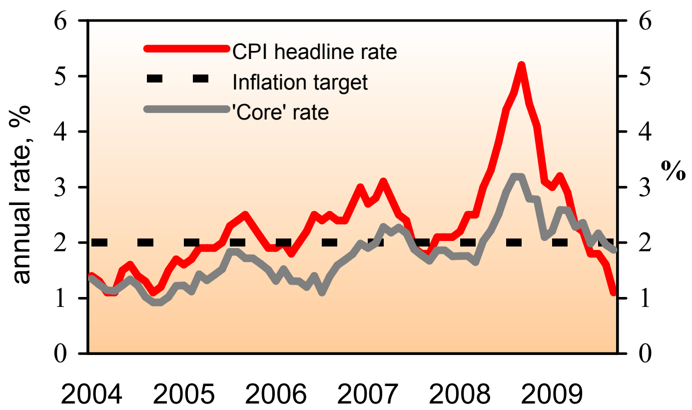
- Unemployment – the regional dimension



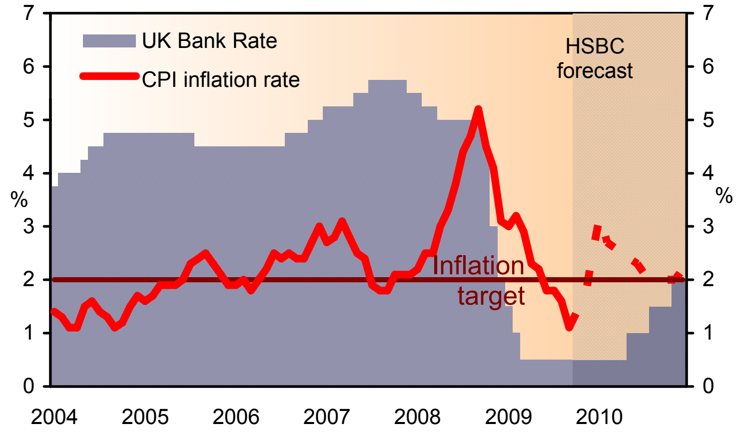
4. House prices have stabilised, but that's largely down to a lack of supply.
   - House prices – beware of false dawns



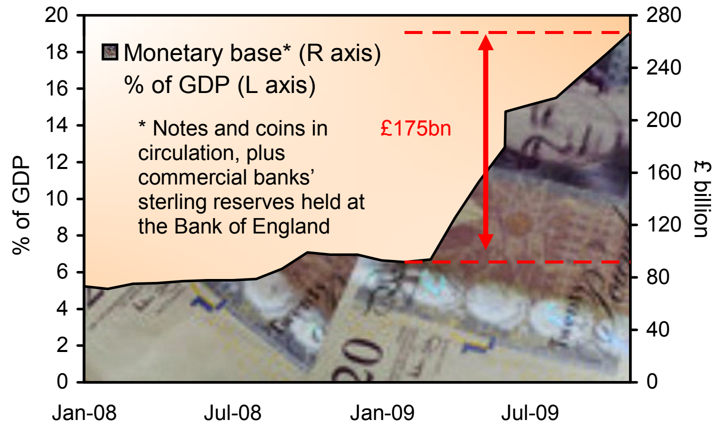
5. Bank Rate will be kept close to zero until well into next year.
   - Inflation – down, but not out



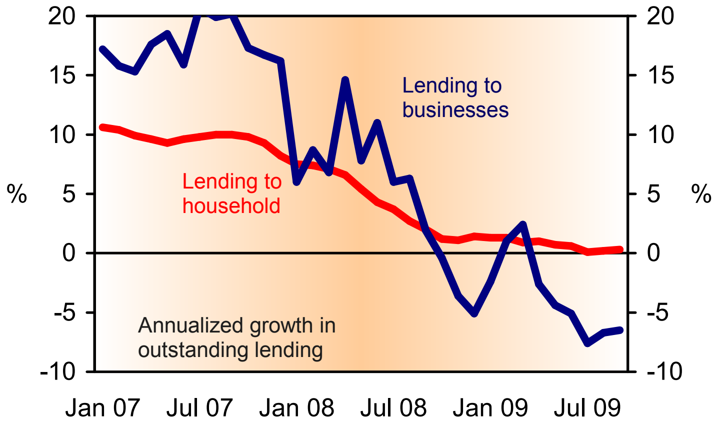
- Near-zero interest rates for an extended period



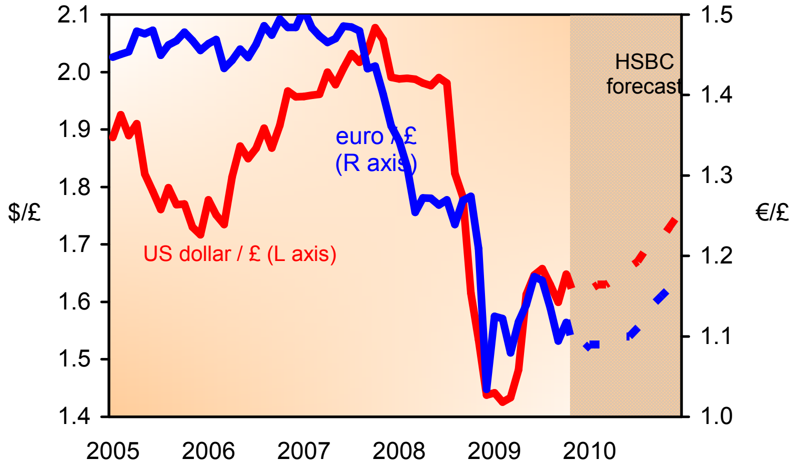
6. The Bank of England has pursued aggressive QE; but it will probably call a halt in November.
   - £175 billion of QE



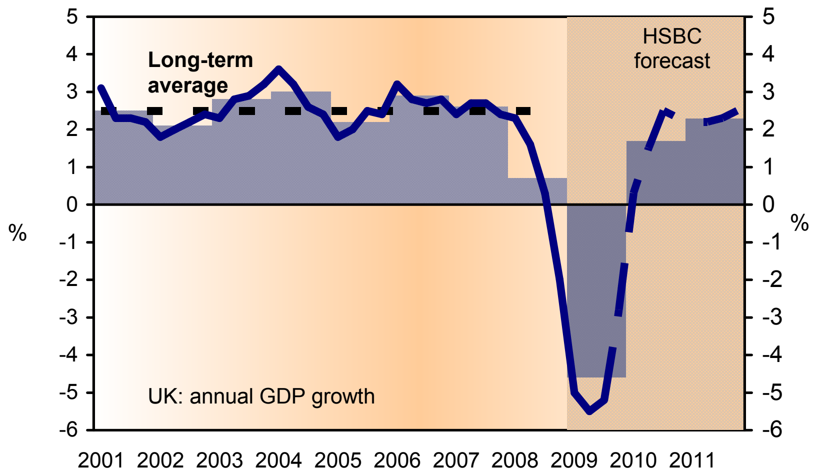
- Credit – still a source of concern



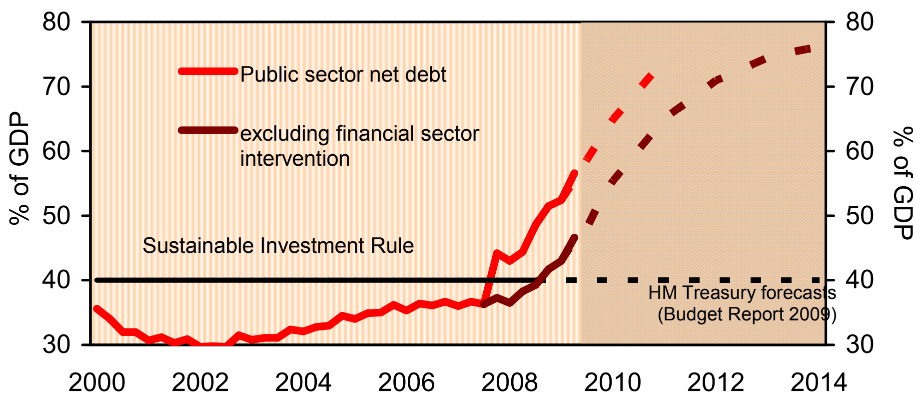
7. Sterling has weakened, which should boost the UK's competitiveness.
   - Sterling – an opportunity for exporters



8. The recession has probably ended, but the recovery will be long and fragile.
   - At least three years of convalescence

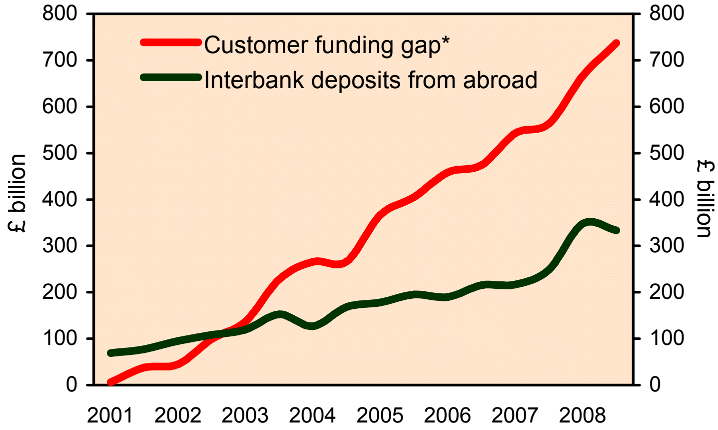


9. Without radical action it could take the best part of 20 years before the public finances are back to 'normal'.
   - Breaking the elastic

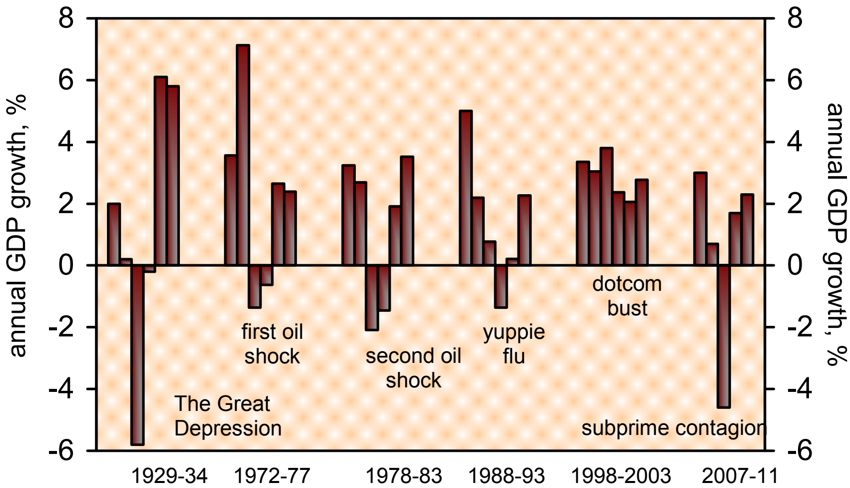


10. Credit could remain somewhat restricted into the medium term.

- Mind the gap!



- A historical perspective



Operating Successfully in a Post Recession Environment

Preparing for the New Business Reality

Terry Irwin, TCii

When the economic recovery begins, will you recognise it? Will your business be prepared for the opportunity to expand? Many business leaders are asking when we can expect the recovery to begin, but perhaps the most critical questions to ask are: What will the new business landscape look like on the other side of this recession, and have you prepared your company for the new business realities created by the financial crisis?

Not business as usual!

We believe that businesses will have to make significant adjustments to find success in the face of political reaction to the recession, consumer evolution and continuing economic pressures. The forces of change pressing upon business include:

- increased government regulations
- prolonged levels of high unemployment
- increased taxation
- a new speed of change that will resemble chaos
- full-scale globalization (or business without geographic borders)
- empowered and non-loyal customers
- rapid growth and adoption of online social media and virtual technology.

These pressures have already disrupted and altered consumer and business behaviour, but what we've seen is only the beginning. Businesses that want to grow and find success in the face of these pressures will need to make fundamental changes in how they interact with customers, create new efficiencies, pursue innovation, manage their workforce, and learn to adjust to rapid changes.

Actionable advice to business owners

- The beginning of 2010 will be a golden time to expand your operation. New and used equipment will be inexpensive, real estate will be inexpensive, and interest rates will be low. Start planning your expansion now.
- Borrow as much money as possible in 2010, as conditions may not be as favourable in the years to follow.
- If you lease business space, renegotiate your contract as vacancy rates go up later this year.
- Hire some of the exceptional talent that will be available through 2010.
- Cease activities that don't create profit, such as seminars, services or other things that lose money for your company.
- Eliminate products that aren't profitable. Get rid of that which doesn't advance the growth of your company.
- Ramp up your marketing and advertising.
- If you need to reduce your workforce, do it now.
- Find clients in these resilient sectors: energy, "green", hotel/motel, water, healthcare, funeral services, alcohol, security, legal services, food distribution, water purification/distribution, electricity, natural gas distribution, education, pet products and leisure.

- Look for clients or ways to sell your product in Eastern Europe, Brazil and Australia. These countries are positioned for strong future growth. Russia and China are not positioned for near-term growth.
- Review your competitive advantage. Define it and tout it.
- Lead with optimism. Be the chief cheerleader.
- Communicate your company's future clearly.
- Don't just maintain the status quo. Take risks and be courageous.
- Celebrate victories, even small ones, with your people. Treat your best employees well or they will defect during the recovery.
- Monitor your cash position religiously. Take all necessary actions to maintain a positive cash flow.
- Learn to compute your company's 12/12 rate of change so that you can project where your revenues are going.

Track your key performance indicators

To adjust to market conditions quickly and do more of what's working and less of what's not working, you need to track and measure your activities and the results of those activities. As you engage in this process you'll likely find corollaries between routine business activities and revenue growth. These corollaries are key performance indicators.

Every business should be able to find a certain key indicator that can predict its sales or revenue numbers for the month. The trick, of course, is uncovering exactly which numbers have that relationship in your business.

We recommend tracking the following metrics to see which offer the greatest clarity into what drives your revenues.

- Trailing 12-month sales average: To get a visual of your true monthly sales progress, track, monitor and graph sales on a 12-month moving average.
- Operating profit percentage: This metric reveals profit on standard operations and should be tracked monthly and on a trailing 12-month average.
- Accounts receivable cash conversion cycle: Track how long it takes in days to collect cash from the time the bill is sent.
- Days inventory outstanding (DIO): Track your inventory. In theory, you should keep the least possible amount of inventory on hand. The longer inventory sits unsold, the more it's a drain on your cash.
- Working capital as a percentage of your revenue: Measure how much of your operating profit gets absorbed into working capital. Look at the number of days' net working capital is invested every month (or pence in the £ invested). If you don't have enough cash flow to cover what you've got invested, you've got a problem.
- Return on capital employed (ROCE) percentage: ROCE measures the efficiency and profitability of your capital investments. For example, capital assets such as lorries and computers should help make the business more efficient, cut down on costs and realise greater profits. The ROCE percentage also indicates whether the company is earning sufficient revenues and profits in order to make the best use of its capital assets. The higher the percentage is the better it is.

Sales-related indicators

Sales teams should closely track sales specific indicators, including qualified leads, proposals delivered in person (or via web conference), close rate, total number of customer touches, and the number of leadership team sales calls.

Sales teams, if allowed, will use discounts to get sales. This is a dangerous strategy, and a difficult one to escape from once customers become trained. Salespeople should focus on margin, not just revenue. The worst-case scenario is when they are commissioned on revenue and allowed to manipulate pricing significantly. We recommend that businesses track these sales-related indicators:

- average margin % per job (by salesperson and aggregate)
- margin % variance from plan (by salesperson and aggregate)
- total margin £ delivered (by salesperson and aggregate)
- total margin £ delivered variance from plan (by salesperson and aggregate).

We also suggest that businesses track numbers on existing clients, such as how often they receive "touches" and personal visits.

Tracking key indicators over a period of time will give you an idea of which numbers (and which activities associated with those numbers) are keys to improving sales and revenues for your business.

Adjust strategic plans and pursue innovation

With a rapidly evolving marketplace, business owners need to adjust their strategic planning to react to changing customer wants. But changing directions or plans can drain resources, confuse your employees and customers, and carry revenue risks. How can you determine what market forces to react to and what changes to make?

To sustain profitability and growth, you need to anticipate the future. Possibly the best way of doing this is to spend time with your customers. Encourage your customers to tell you their biggest frustrations – not just about your company, but about all suppliers of your products and services. These represent unmet market needs, and you could be first in fulfilling them.

To dig deep for the latent unmet needs, do what's called "day in the life" market research: watch your customers use your products and services, as well as those of your competitors. Look for frustration, waste, poor quality (and what it costs the user), inefficiencies and other pains. Then be open to making changes in your offerings.

Test before you invest

When you find an innovation worth pursuing, don't bet all your resources and cash on it. You can reduce your risk and increase clarity by funding fast experiments. Test the idea with one customer or one distributor to maximize learning at the minimum cost. Remember also, your idea should meet four criteria. It should be:

- unique
- compelling
- provable
- memorable

Encourage both your innovators and your customers to vent their concerns and brainstorm everything that could go wrong with the innovation. Have the same people brainstorm preventions to all of the concerns. This bullet-proofs your new strategy and fosters buy-in.

To achieve the best execution of your new plan, use internal marketing. If employees don't understand it, they won't buy it. Be sure your strategic and operating plans start with a crystal-clear case for change, are free of business jargon, and contain prioritised goals and objectives that are measurable.

Add a vivid vision of the future that describes the destination of your company in detail when your strategy is successfully implemented, rather than the typical one-sentence idealistic slogan.

Understand your customers' needs

When it comes to keeping and gaining customers in the post-financial-crisis landscape, there's one piece of essential advice: add value to your offering.

Adding value means increasing what your customer most wants in a product or service. But how do you figure out what exactly customers will value?

Focus less on what you think is the ideal product or service and more on what your customer actually wants. We recommend that you begin to view your business through your customers' eyes. Focus groups or customer advisory boards are one way to get input on what they value. Another approach is to use a corporate anthropologist – a consultant who studies consumers to watch what they actually do with products or how they relate to services.

We suggest that CEOs seeking to expand or improve their offering should try venturing out into the field with one of these anthropological techniques:

- **"Day in the life" experience**: Spend a day shadowing a customer to learn how he or she does business.
- **Customer lab**: If you're an online business, invite a few people to a computer lab and film what happens. Ask them to visit your site and buy something. Before they begin, ask them to tell you what they are going to do; then go back and watch the tapes and see what actually happens. You might find that your site works well for search engine optimisation but isn't well designed for a sale. This would be impossible to learn without observing.
- **Hire observers**: If you have a retail operation, hire some observers who can meticulously yet quietly watch people around your store. See how your store's layout helps or hinders their buying experience. See how the check-out process creates a positive or negative customer experience. Take pictures and share them with your sales staff.
- **Use "deep hanging out"**: Spend time "hanging out" with your customer in their culture. Listen and watch to learn how they feel about your products and customer service. How do they solve their problems with what you or your competitors offer? Go on an expedition or spend a day with your customer, and see for yourself what they do. Or go with an anthropologist.

You'll probably discover a startling new way to build your business.

Find opportunities

Opportunities and ideas for new products or services don't always come from your customers. We recommend that business owners tap the brains trust of their employees to look for new ideas and opportunities. Our recommendations include the following.

- Create a workplace culture that encourages employees to look for opportunity:
  While organizations value effort, innovation and intent, they should also celebrate non-conventional and nonconformist perspectives.
- Focus on exponential, not incremental, opportunities:
  Direct your discussions of opportunities toward significant, above-average results.
- Help employees learn their strengths and use them to develop opportunity thinking:
  Each of your employees has the potential to be great at certain things. Encourage them to use their intrinsic talents and strengths to deliberatively hunt for opportunities in areas in which they have the greatest insight.
- Solicit input from employees:
  Leaders who ask "big" questions and take the time to listen to responses can discover new perspectives, facts, ideas and dreams from customers, employees and vendors. Try asking questions that begin with "How about …?", "What if …?" or "Tell me about …"
- Share success:
  The more successes are shared with everyone, and failures are seen as a way to improve, the more risks employees will take with their ideas. In an intellectual workplace, innovation, inventing and opportunity hunting must be core expectations of all employees.

Instil accountability among your employees

Instilling accountability creates a motivated workforce where employees make and keep commitments, stop the blame-and-victim game, and become more productivity.

The success of your business will ultimately be determined by the work of your people. To get the best performance from your employees, you need to do two things.

First, identify measurable priorities for your lower-level workers. Those priorities should be aligned with company goals. Second, offer those employees an incentive for reaching their targets.

Extrinsic motivators
Most organizations approach incentive/bonus compensation upside-down.

They attempt to motivate their top executives (people who are already intrinsically motivated) with bonuses. Yet, the people who most need an extrinsic motivator are those at the lower levels of your organization.

Base-level wages serve to satisfy or dissatisfy employees but don't necessarily motivate them to do an outstanding job, or go above and beyond.

We suggest you consider setting aside 50% of your projected profits to distribute in the form of incentives or bonuses to the lowest-level employees.

This incentive plan is contingent, of course, on meeting all the company goals.

Shift to "ownership thinking"

It's important to change your corporate culture so that employees think and act like owners. This shift in thinking can generate improved performance and increased wealth.

Transitioning to "ownership thinking" requires a company to take three basic steps:

1. Teach all employees the fundamentals of the business and how it makes money.

2. Identify the organization's leading activity-based performance indicators, and then engage employees in the measuring, forecasting and improving of these indicators.

3. Create incentive plans that are tied to the organization's financial performance (as opposed to the individual). The effect of worker accountability on an organization leads to better customer service, greater productivity, happy employees, and the ability to attract better talent.

Build a pipeline of talent

Businesses should prepare to strengthen their workforce now, to avoid the mad scramble for talent after the market turns around. Think of the preparation as a two-step process. Step one is to identify and anticipate your needs. Step two is to build a pipeline of talent that's ready to tap when you need it.

You don't want to get caught in the unenviable position of missing market opportunities because you don't have the staff in place to capitalise.

We suggest that you determine what your business will look like on the other side, and then translate your business needs into people needs.

Examining your hiring needs

Businesses should consider the following questions when examining their hiring needs:

1. What are the specific results your staff needs to deliver?

2. What are the tasks and processes necessitated by your model?

3. How many people will it take to deliver the results you need to hit your targets?

When answering the questions, think in terms of outcomes, not just open positions. With these questions answered, it's time to audit the capabilities of your existing staff. Once you determine what you'll need, go to a recruiter or start posting new job positions.

Hoarding talent now is the only way to hit the ground running when the market turns. This doesn't necessarily mean hiring right now. It means building a pipeline of well qualified prospects that you can quickly move into position when the time is right. Now is the time to put together a database of talent.

Harness outsourcers and freelancers

Another option for filling employment needs is to outsource or use consultants or freelancers. Although you may not need the services at present, it's worth establishing relationships now, so that you can tap into the talent when you need it. Outsourcing provides the flexibility that firms need to grow for the long term.

Use contractors in areas that make the most sense for your company – for example, bookkeeping, marketing and writing.

The benefits of outsourcing are as follows:

- **Better talent for less money**: You can get top, experienced talent for about the cost of a good administrative assistant.
- **Access to a wide range of skills**: Instead of hiring a single person with limited skills and abilities, you get a whole team of talent and resources.
- **Increased flexibility**: If you make progress quickly or need to cut costs, your virtual staff can adjust accordingly.
- **Outsider's perspective**: Since virtual staffs work elsewhere too, they see what other companies are going through so they can provide you with an independent and educated perspective.
- **Chance to try before you buy**: If you hire a top-level employee, you're stuck with that person. If your outsourced chief financial officer (CFO) or designer turns out to be the wrong person, you can make a swift change without disrupting your existing staff.

Outsourcing is particularly useful when it comes to IT and software development. Hiring offshore programmers is a sensible way to lower your contract labour and salary costs while giving your project a level of scalability that allows for better response to market conditions.

Companies should examine their IT work style and use an offshore programmer that's a good fit for them. For companies that tend to work in small teams or whose solutions and specification evolve as the project goes onward, we recommend using outsourcers in Eastern Europe, Costa Rica or other areas of Latin America, rather than firms in India.

Outsourcing IT functions is like getting a Swiss Army knife instead of a single blade. An on-call IT service can do everything from installing a new file server, repairing internet security or fixing reliability issues to developing a disaster recovery plan, reducing hosting costs or designing an e-commerce or enterprise system.

Strengthen your value proposition

Now is the time to perfect your short description of what your business does, along with your more detailed value proposition messages.
You need to communicate what you do in a way that is short, concise and memorable.

Too often, people describe their business in a way that's either too technical or too general. Both make it difficult for others to visualise what you do. And if they don't understand, they're not likely to use or recommend your service.

To improve your elevator speech, try to complete the following two sentences:

- "I specialise in working with (whom? What type of industry? What types of people?)"
- "I help these people to (do what? Satisfy what need? Achieve what goal? Avoid what consequence?)"

Once you have completed these sentences, combine them into one sentence that reads as follows:

- "I specialise in working with (whom?) helping them (to do what?)."
- Here is a good example of a value proposition:
- "I specialise in working with sales teams, helping them to make prospecting for new business more productive and less frustrating."

To make your company's voice stand out, we recommend that you develop a coherent and compelling message platform.

A message platform consists of purposefully designed concepts, words and phrases that effectively communicate your value proposition and coordinate it across different channels of communication.

Once you have the basic description of your offering, tailor it for a variety of selling situations. We recommend that these situations or "cases" include:

- The business case: The core rationale for your offering.
- The financial case: The financial justification for your offering.
- The technical case: What a buyer has to do, or what resources they need to have in place, in order to benefit from your offering.
- The competitive case: How your offering compares and contrasts with both direct competitors and alternatives.
- The decision process: How prospects can examine and evaluate your offering.

A message platform can be tailored for any area where customers interact with your people or business, including your website, print collateral, sales team and other media.

A message platform helps you to communicate your offering consistently and reach your target market in the most effective way.

Use tactical advertising and marketing

Businesses should take advantage of low-cost ad and media rates. Among our recommendations to position your business for the recovery are the following marketing strategies.

- **Drop programmes that aren't working**: Cut out any programmes that aren't paying off on their promise.
- **Secure your core-customer segments**: Maintain your core source of revenue and ward off attacks from competitors. Invest in reinforcing your strengths. Don't go after new segments.
- **Take market share from competitors**: Monitor your competitors' marketing and advertising and take customers from those that slash their marketing budgets.
- **Invest more time and resources in customer research**: Market chaos and turbulence changes people's habits and puts our needs in flux. Research your customers' needs more now than ever before. Marketing messages that worked well in the past may no longer resonate.
- **Increase – or at least maintain – your marketing budget**: It's imperative to continue reaching out to your core customer segments, even at the expense of cutting funding for new projects or ventures.
- **Focus on all that's safe**: When turbulence strikes, consumers tend to flock to what feels safe. Assure your customers of the security and safety of your company's products and services.
- **Don't discount your best brands**: When you discount your most successful brands, you instantly tell the market two things: your prices were too high before, and your brands won't be worth their premium price when the economy rebounds. To appeal to more frugal customer needs, consider creating a new, separate, distinct product or service under a new brand with lower prices.

We recommend that businesses conduct analytic research to determine which marketing and sales activities generate the highest return on investment, and then do more of what works. In addition, marketing departments should negotiate aggressively for lower prices from their vendors.

Lastly, high-performing companies have something in common: their top management spends 30% of their time with customers. Get out of your office. Now, more than ever, get out and visit your customers.

Cut costs

Shedding waste and unproductive practices is one of the best ways to survive a downturn and prepare for a recovery. But how much cost cutting should you do, and in what areas?

Educating employees

One way to control costs is to educate your employees on the importance of cost saving.

If your company averages 10% profit, then a £ of revenue brings 10 pence to the profit line. Yet, every £ saved adds one £ to the profit line. So it takes 10 times the amount of revenue to get what you save through cost controls. When management and employees understand the critical implications of cost saving, organizations get better at doing it.

Don't leave cost cutting entirely up to others. As CEO, you need to determine direction and lead the effort. If you've begun cost cutting by letting go of underperforming assets and employees, you should continue to cut costs in other areas.

Where do your losses come from?

Start by identifying your loss centres. Ask your CFO to intelligently analyse every single £ of costs and expenses (as well as working capital and fixed assets) that goes into individual products, markets and customers. Then stop the internal bleeding (low or negative return on net asset areas) by decreasing your emphasis on, or ending the promotion of, these losing products and markets.

Additionally, CEOs can use the Lean Six Sigma methodology to identify the "eight wastes" and the cost of (poor) quality.

Rank them and drill for their root causes, not root people. Then take creative leaps to redesign your processes, and test them to prove they will work. The end result is that you can lower your costs and those of your customers. The latter is something you can promote.

After identifying where your losses come from, focus on your high-return centres. Once your CFO determines those most profitable activities or products, the next step is to get creative on how to grow those areas. The growth plan for your high-return centres must be incorporated into your current strategic plan and goals.
Tough times can motivate you to find unproductive and wasteful parts of your company. Shedding them now will make your take-off all the more powerful when the economy rebounds.

Adjust to change

It's time to prepare your business for a new age. We're moving from the information age to the shift age. The shift age will be characterised by the following three paradigms.

1. Global connectivity
All aspects of human endeavour will increasingly move toward a global orientation and connectivity. This means that your customers and competitors can be anywhere in the world. Open your vision to embrace this.

2. Importance of the individual
The individual is gaining more and more power and is no longer defined by institutions but by personal interests and relationships. Loyalty to institutions will continue to erode. Your business should fully acknowledge the individual by making supplier and customer relationships personal and one to one.

3. Accelerated electronic connectedness
We are becoming ever more electronically connected. Make sure you fully embrace the online reality. If you as CEO do not want to do this, then empower managers and all employees to do so.

Companies should have a presence on Facebook, LinkedIn and Twitter, and actively use interactive video technologies such as Skype and other two-way, inexpensive video communications.

When updating your website, create as much video messaging as possible. The true definition of Internet 2.0 is video. If you don't use video and your competitors do, you'll lose business to them.

We project slow, single-digit growth in 2010 that will feel like a continuation of the recession. Now is the time to reposition and reorient your business. The global economy and the UK economy will start to take off in 2011.

We recommend that businesses take the following preparation steps.

1. Expand your notion of relationships
Relationships will be structured differently and will occur across multiple technology platforms. The old definitions of relationships, such as face-to face meetings or meals followed by formal business letters, must be shed.
Younger generations understand electronic relationships and can bring this knowledge to work for your business. The era of the formal business letter is over. The era of electronic relationships is here.

2. Capture data and use it
Gather as much information about your customers as possible. If you want to build a loyal community of customers, make sure you know their email addresses, their mobile phone numbers, their Twitter names and how they prefer their communication. A service or retail business should create a sense of high touch through customised communications.

The world and the marketplace in 2012 will look and feel entirely different from how it is today. Incorporate some of the above suggestions into the DNA of your business, and you will be prepared and well positioned.

Stay focused on what you want

Train yourself to focus on what you want and nothing else. Just as the world's top athletes take time before competing to visualise themselves winning, so too can business leaders harness this power of positive thinking. The way to do it is to stay focused on what you want and not dwell on fears, anxieties or things you don't want.

When we think about what we truly want in terms of the success of our organization, remarkable things start to happen.

When we think about the things we don't want, we tend to get those negative things. And when we think about the things that we want, we tend to achieve the positive. The very act of worrying, dwelling on what your organization lacks, and thinking about losing sales or customers, will bring out those negative outcomes.

When we focus our thoughts on what we want (increased sales, better morale, and higher productivity) we become inspired and we inspire others. In this way, thinking about what you want leads to significant results.

If you would like more information on any of the points covered in this White Paper, please contact TCii on 020 7099 2621.

Is it Still Necessary to Employ People?

Richard Linskell, Speechly Bircham

Many small/med businesses concerned about consequences of employing people:

- legal liabilities (UD, SD etc) which are increasing all the time
- restrictions on managing the business
- financial obligations (SSP, SMP etc)
- tax (NICs)

Whilst companies want to gear up for growth, some wary of committing to taking people on in advance of the arrival of growth (chicken and egg)
Increasingly wide variety of employment models - Is it still necessary to employ people?

Employment model

The traditional model – has most protection for individual/obligations for businesses

For some - sign of progress or even status (one person scaled back workforce during recession now realises that were overstaffed much more profitable since)
Benefits include loyalty, integration, control, stability

Disadvantages include legal obligations, cost, liabilities, and inflexibility?
For many it will be the only way but perhaps time to think of other models?

Beware however, that you cannot guarantee to avoid employment liability simply by changing status. The law will see through "sham" arrangements where employees are called something else.

LLPs

Rather than employ people, set up an LLP where they are "members" cf partners
Benefits – no NICs; not employees (?) so reduced liabilities (UD etc) and obligations (SMP, holidays)

Disadvantages – more complex tax (partnership); need proper structures/ advice
Beware – status still uncertain. I am currently involved in a case on behalf of an FS LLP where we are defending a whistleblowing claim on the basis the individual is not a worker.

Associate Model

Engage freelance or semi-independent associates as and when needed

Benefits include flexibility, wider range of specialist skills available, lower costs (no NICs) and fewer obligations

Disadvantages include lack of consistency? reduced branding, less control
Beware, some associate models are simply employment without the contract – may be some uncertainty whether they are covered by legislation (eg: holiday pay, discrimination).

Agency staff/outsourcing

Rather than employ directly, get someone else to do so! Benefits include less management, less liabilities. Disadvantages include more efficient? Suits only some types of activities e.g. call centres, sales; lack of control? TUPE;

Beware the legal complexities which can make it expensive or even impractical; suppliers may seek indemnities; could still be drawn into litigation.

Legal Aspects of Recruiting Foreign Nationals

Mark Barnett, Steeles Law

All UK employers – legal obligation to ensure employees have permission to work in the UK.

Recruiting foreign nationals:

In the UK:

1. A certain current immigration status, passport / foreign national identity card
2. Switching
3. Students
4. Post study work

Outside the UK:

5. Immigration status of partners / spouses
6. EEA nationals A8 / A2
7. Qualifications / CV
8. Tier 1 – general, investor Entrepreneur
9. Tier 2 – application for licence as a sponsor
10. Start planning as early as possible
11. Seek strategic immigration advice

Managing Your Cash Flow for Survival or Growth

Andrew Burch, Sayers Butterwor

How to manage your Cashflow?

- Measuring cash flow
- Improving credit control
- Managing suppliers
- Surviving shortfalls

Other important points to bear in mind:

- Know your customer
- Agree payment terms in advance
- Invoice on a timely basis
- Chase customers for payment
- Negotiate terms with suppliers
- Pay suppliers promptly
- Consider credit insurance
- Factoring and other financing options
- Know your bank balance
- Keep and update cash flow forecasts

What Does it Take to Win Business Angel Funding for a Start-Up?

Peter Detre, Accelerated Growth

The no 1 rule of marketing is to focus on the customer benefits and not the product attributes. The same applies to funding. Focus on the needs and points of view of the investor. So if you need funding ask some of the following questions by way of preparation.

The next iPod?

Will the investor get a tenfold return within 4 - 5 years?
Most startups fail. So, the early investor is taking a huge risk.

What makes my startup different? Is the concept or the new product going to disrupt its chosen market or is it really a me-too in fresh packaging?
Right at the start, before the product has been proven to work by generating some revenues, the most likely source of funds for this, The FFF Round, is family, or friends and/or fools. Whoever provides the first investment/loan will want a substantial share of the startup company. The FFF round could be to fund research, design, early development. The amount raised might be £25k - £75k.

How much cash am I myself the entrepreneur investing?
Sweat equity is seldom sufficient.

The A Team

What sector expertise does my team have?
A one man band is never acceptable because all the investors' eggs end up in the one basket. So, it's essential to have at least a second person in the A team with decades of relevant sector knowledge plus a seasoned finance man. *www.maturerecruitment.com* can help find such people if needed. NB quality of management is more important than the ingenuity of the gizmo.

All experienced people start by looking at the team before they consider the attraction of the new widget. At least one Non-Executive Director is advisable.

The Second Bite

The second bite of the cherry is via Business Angels. The amount might be £100k - £300k. To succeed in raising it one needs to talk to a club of business angels such as *www.envestors.co.uk*

Before approaching them ask the following:
Have I got a product that works? What evidence that my A Team deserves to be backed? Do I have an impressive (= credible) business plan with a one page executive summary and a full set of numbers? Does it include quantified market data to show the size of the opportunity and an assessment of the competition?

Most good business angel clubs charge a small fee to help the entrepreneur become 'investment ready' and rehearse the presentation. Most importantly, they put the entrepreneur in front of 50 - 100 potential investors who have cheque books in their pockets and some will have relevant sector knowledge.

Again how much cash am I myself the entrepreneur investing?
Sweat equity is seldom sufficient.

Convince them that you have the sector knowledge and managerial competence. Evidence is essential. Have you done a successful startup before?

No point in talking to any bank yet. They like lending only to people who do not need it and are never in the business of taking the sort of risk it takes to get a new business of the ground. There are other sources of early stage finance, mostly for research (e.g. medical tools) and this is worth researching thoroughly.

Your finance director and the business angels club will help you to value your business prior to the second round. Most entrepreneurs are reluctant to part with any shares at this stage. So, ask yourself:

Am I better off owning 100% and no funding or 50%-60% of a well funded business? Will the amount I am asking for get me to a point where I have a positive cash flow?

NB Business Angels are mostly reluctant to fund salaries. They do not like being diluted either by subsequent rounds, so make sure you get right the sum you are raising.

Be reluctant to share your idea and business plan with too many people. Seek advice from people who have done it before.

Look for money plus i.e. investors who have sector expertise and can help cut corners by having strong contacts with distribution channels and buyers etc.

Starting up and new business and making a success of it is the most exhilarating thing I have ever done in business, so go for it. The upside can be substantial. By all means contact me if you need further advice.

P.S.Detre/23/10/09
peter@acceleratedgrowth.biz

Establishing and Securing Your Market Presence
Knowing Your Market; Understanding Your Customers
Noreen Cesareo, Market Accents

An experienced veteran in researching and understanding markets, and uncovering key insights into customer behaviours, I want to share some of the current thinking on how our markets are behaving.

In a recession, customers do not stop buying. Instead they focus on value. During 2009, Professor John Quelch of Harvard Business School drew attention to the fact that clients were recalibrating their purchasing decisions; look instead for quality, values and reliability, elements that are typically found in known and trusted brands. This is a key insight that is influencing our client's decision making process, and consequently affects their behaviour and changing needs.

Interestingly enough, following the fairly easy selling years preceding the 2001 recession, studies among certain US companies found that their sales teams weren't suitably prepared for the change in customer attitudes and performed quite poorly in the years during and after the recession. Senior executives surveyed at the time reported that the root cause of their poor performance was not dry sales pipelines but shortcomings in the sales teams' behaviours and capabilities. There was a range of possible selling weaknesses as sales processes were not in tune with buyers' expectations, account manager and salespeople lacked sales process discipline, solutions were missing the mark, and/or companies had not invested enough time and energy in their sales capabilities.

Quality

I mentioned Quality - Quality means raising the bar: exceeding customers' expectations. In business, we all have to aim high. During 2009, most of the business conversations I was involved in centred on the fact that we are now continuously pushing the bar to reach beyond our comfort zones and increase sales. This has meant that we have had change mind set and behaviours to find different ways of getting through to our markets.

Industries across all markets have been affected by the recession and whether we are talking b2b or b2c, there is a marked difference if what is being bought. Luxury goods and services are still being purchased.

A New B2C Segment

An interesting phenomenon was seen in the b2c segment. Segments are changing and Professor Quelch also outlined a new consumer segment… the middle-aged Simplifier.

After spending years accumulating wealth and status symbols, he or she now finds themselves surrounded by too much stuff. In the present economic climate, they are increasingly sceptical that it was worth it.

In previous years, as the rich grew richer, the pressure was to trade-up: the second home, the latest gadget, the new car. Families got smaller and professionals spent less time at home, yet homes continued to accumulate goods and grow, expanding with upgraded appliances, furniture and household goods.

Today, they are surrounded by possessions over crowding their lives. They are saying:

- I have too much stuff.
- I am embarrassed by my gas-guzzling 4x4.
- I do not need to impress with possessions.
- I want to collect meaningful experiences, not more possessions.

The Simplifier is rejecting luxury purchases, conspicuous consumption, and a trophy culture. Instead she wants experiences - meaningful and less cluttering; fleeting and expensive. The Simplifiers are well-off people who value quality over quantity and do not buy proportionately more goods as their net worth increases. Their increasing reluctance to buy will dampen expected demand growth and slow economic recovery, requiring consumer-goods multinationals to focus their marketing efforts on emerging markets where stuff will still be king.

Marketing Quality in the B2B Segment

Meanwhile marketing Guru Philip Cotler in Chaotics, the Business of Managing and Marketing in the Age of Turbulence, maintains that while advertising and media rates are dropping, skittish and budget-conscious customers are in no hurry to buy.

Not surprisingly, marketing managers are experiencing unprecedented pressure to justify their expenditures. "The signs of turbulence are all over, and they are not going away anytime soon," notes Philip Kotler.

Kotler is of the belief that marketers need to develop a new mindset and he sets out eight strategies for mindful marketing in The Age of Turbulence. These are not new strategies, but worth incorporating in your current strategy:

1. Secure your market share from core customer segments.
Turbulence is not a good climate for venturing into new customer segments. Your first priority must be to maintain your core source of revenue and ward off the competition from your most loyal and profitable customers.

2. Push aggressively for greater market share from competitors.
This is the time to fight for market share. Watch for signs of any competitor's buckling under the pressure. Push aggressively to add to your core customer segments at the expense of your weakened competitors.

3. Invest more time and resources in customer research.
Chaotic times have a way of changing everyone, including core customers. Their needs and wants are in flux. Stay close to them. Research your customers more now than ever before and do not rely on old, "tried-and-true" marketing messages that no longer resonate.

4. Seek to increase—or at least maintain—your marketing budget.
This is not a good time to make cuts in the marketing budget that targets core customer segments. In fact, you need to add to it, potentially with budget you were planning to go after totally new customer segments.

5. Focus on all that's safe.
When turbulence strikes, consumers tend to flock to what feels safe. Assure your customers of the security and safety of your company and your products and services. Emphasize your core values.

6. Quickly drop programs that aren't working.
Your marketing budgets will always be scrutinized, in good times as well as in bad times. Cut out any programs that aren't paying off on their promise, before anyone else gets the chance to call attention to them.

7. Don't discount your best brands.
When you discount your most successful brands, you instantly tell the market two things: your prices were too high before and your brands won't be worth their premium price when the economy rebounds. If you want to appeal to more frugal customer needs, then create a new, separate and distinct product or service under a new brand with lower prices. This gives value-conscious customers the ability to stay close to you, while not alienating those customers who are still willing to pay for your higher-priced brands. Once the turbulence subsides and you see some calm skies ahead, you may consider discontinuing your new branded value product line—or not. Remember, it's better for you to cannibalize your products than for your competitors to do so.

8. Save the strong; lose the weak.
In a turbulent economy, make your strongest brands and products even stronger. Do not waste time or money on anything not supported by strong value propositions and a solid customer base. Invest in reinforcing your strengths.

Concluding Thoughts

Now is the time to act. Times are changing and with them, our customers' mindsets and purchasing decisions are evolving to reflect those changes. Tried and tested business models and marketing strategies must be reviewed as ignoring the different moods in our customers could ultimately cost us our business.

To find out more about customer insights and market directions, please contact Noreen Cesareo at noreen@marketaccents.com or visit www.marketaccents.com.

Workgroups Session A

The Seven Deadly Sins of a CEO

Terry Irwin, TCii

The ability of a company to outperform its competitors is directly related to the performance of its chief executive. There are thousands of books and articles on how to be a successful business leader, and they keep coming. However, they can be complex and too theoretical, and they only reflect one individual's view of the world. This White Paper is a practical guide to the seven key "sins" and five "temptations" that act as barriers to success.

The leadership burden today

Running a company is much harder than it was even ten years ago. The burden of the job gets heavier and heavier as the stress levels increase and the expectations from customers, employees, government and other stakeholders continue to rise.
Against this background, leaders have to be more sophisticated and capable, demonstrating higher levels of business and economic literacy, managing and motivating people who can easily move to new employers, and – perhaps the biggest challenge of all – attracting and retaining talent.

The basics of leadership have not changed. What has changed, however, is that to lead effectively in today's world you have to deliver these basics at a much higher level of performance. To do this, you need to make sure you don't commit any of the "seven deadly sins" described below, or succumb to the "five temptations" outlined at the end of this White Paper.

The seven deadly sins of a CEO

1. Managing not leading
2. Poor delegation
3. Lack of effective people policies
4. No leadership of innovation
5. Tolerating poor people performance
6. Choosing abdication over navigation
7. Lack of visibility and one that didn't make the top seven but deserves an honourable mention.
8. Poor use of external advisers and expertise.

Deadly sin 1: Managing, not leading

The CEO who commits this sin is placing too much emphasis on operational activities, which are concerned with controlling and manipulating resources and expenditures. If this is how the CEO is spending his or her time, who is leading the business and its people?

The real leadership roles

The true roles of a leader are:

- Strategist
- Ambassador
- Coach

- Inventor
- Investor
- Student
- Setter of standards and performance criteria
- Corporate governor
- Leader of people
- Risk assessor and manager
- Listener.

Reasons for failure

Here are a few of the reasons why leaders don't fulfil the above roles effectively.

- Badly managed transition. Most leaders are not prepared for the role when promoted. There is no "prep school". It is too often "sink or swim".
- Wrong priorities. Leaders cannot be perfectionists. They must leave that to managers. Vision and direction are the remit of the leader. The details of implementation are the responsibility of the manager. A leader who spends all of his or her time managing does not have time to lead.
- Lack of formal management systems. The management process must be diarized and enforced – for example, through:
    - weekly team meetings
    - monthly review meetings
    - monthly one on ones between the CEO and his or her direct reports
    - quarterly strategy and business plan reviews
    - key project reporting presentations
    - half-yearly strategy away days.

Deadly sin 2: Poor delegation

Machiavelli wrote, in The Prince: "The first way to judge the effectiveness of the leader is to look at the people he has around him."

Here are the main principles of delegation.

- Sometimes it is not possible to delegate.
- You can only delegate to excellent people.
- People who are poor at their jobs delegate "upwards".
- CEOs should rate direct reports out of 10. Only those in the 9–10 brackets will do, plus any with potential in the 7–8 bracket.
- Get the wrong people off the bus.
- Coaching direct reports is not optional. Leaders need to help the managers directly under them to improve their performance, for example by giving those challenging projects and regular feedback.
- Trust and confidence are essential.
- Systems to identify talent and succession must be in place.
- CEOs cannot delegate the key "deals".
- Leadership guru Dr Stephen Covey offers the following formula for prioritizing tasks:

High Importance = Plan High Urgency = Do

Low Importance = Don't do Low Urgency = Delegate

Deadly sin 3: Lack of effective people policies

This sin is often the result of having a confusing organisational structure. The most effective structure is a clear hierarchy.

Avoid dual or dotted reporting lines and dotted matrix structures. These are often unproductive and are usually a sign that structures have been built around people rather than around business needs.

Distinguishing the roles

- Sales (line) and marketing (staff) are different roles, require different skills and should be separate if possible.
- People in line positions are responsible for producing results. They have an operational role.
- People in staff positions are responsible for providing strategy, advice, expertise and audits. But they have no operational role.
- The classic example of this approach, of course, can be found in the military.
- The division of HR responsibilities, too, is often misunderstood.
- The CEO is responsible for defining HR policies in line with the strategic needs of the business.
- The HR director or manager is a staff function whose purpose is to help the CEO to design policies and to assist the CEO and line management in implementing them.

Their joint responsibility is to identify, recruit, motivate, and retain excellent people.

Compliance issues can be outsourced to experts!

Some of the key HR mistakes are:

- recruiting from CVs and not behavioral profiles
- not understanding that money is no longer the principal motivator
- not appreciating that for employees, being trained, developed and recognised is paramount
- poor communication.

Sample policy list

Here is a list of suggested HR policies. The important point is that they all need to be designed, installed, enforced and audited.

- Employee handbook
- Code of ethics
- Two-way contract
- Environment
- Job descriptions
- Job profiling:
- Technical
- Behavioral
- Recruiting
- Pipeline management
- Interviewing and selection
- Induction
- Appraisals and reviews
- Terminations
- Succession planning
- Developmental coaching
- Corrective coaching
- Training
- Management development
- Compensation and rewards:
    - Salary

    - Bonus
    - Equity participation
    - Promotion
    - Benefits
- Recognition
- Recreation
- Employee assistance
- Communication.

Deadly sin 4: No leadership of innovation

It is crucial to understand the strategic role of innovation. In today's markets, the companies that really differentiate themselves have systems and processes that continually delight and surprise their customers. The need for innovation applies to every aspect of the way in which the product or service is delivered. The competition always catches up. The key is to stay ahead. Innovation is what produces the next "river of cash".

Implementation
Innovation requires not only creativity, but also a systematic approach. It needs strong leadership to reinforce its vital role. As CEO, you must:
- keep one hand on the reverse gear
- watch the competition
- not fall in love with the current business idea.

To keep the innovative spirit alive you need to hold meetings, conduct research and set priorities. You need to ask: "What are we going to do each year to systematically delight our customers with innovative products and services?"

Deadly sin 5: Tolerating poor people performance

The effects of this all-too-common sin are all pervading. Tolerating poor performance from your people harms the performance of the business and drags down your own performance as CEO.

Many businesses recruit or promote people into positions that are beyond their competence. Even when it is obvious that something is seriously amiss, a CEO may be reluctant to act for any of a number of reasons. For example:
- They think if they wait, things might get better.
- They worry it will cost too much to get rid of the person.
- They don't want to be the one to fire a colleague.

Such hesitation can cost the business dear.

Deadly sin 6: Choosing abdication over navigation

A business needs to be actively "steered" at all times. A good leader will make good use of a number of navigation tools.

Draw up a clear and visionary strategy
Keep the end in mind, by stating it on a regular basis.

Choose an effective business model

Adopt a business model that works and produces profit. Too often the limited resources available for marketing are insufficient to meet targets.

Use the right kind of KPIs

The best key performance indicators are predictive. Most measures of business performance are results (or "outcomes"). The really important measures that need to be highlighted are the "drivers" – the actions that implement the factors critical for success.

If you are not sure what your organisation's critical success factors are, look back at performance over the past 12 or 13 months and work out what activities have contributed to today's results. Once you have identified these factors, link your KPIs to them.

For example, if a company introduces monthly sales training sessions for staff and soon afterwards sees an increase in sales volume, these training sessions can be set up and monitored as a KPI. If one is missed, it will immediately be noticed and corrective action can be taken.

Constantly check the strategic position

Are you continually reviewing and adjusting the risk/return ratio? Factors such as changing market conditions may mean that you need to revise your strategy to maintain an acceptable relationship between risk and return.

In extreme cases, a company may decide to move into a completely different business area in order to obtain the desired return – as when IBM switched from computer manufacture to consultancy.

Use targets, not budgets, for navigation

Disassociate management and statutory accounts. They are different and serve different purposes.

- If possible, avoid budgets and concentrate on targets and plans. Budgets seriously constrain or delay good business decisions.
- Targets are intermediary goals on the strategic journey.
- Plans are only as good as the revenue forecasting horizon. Beyond that, it is all speculation.
- Separate fixed and variable costs. The latter are a vital component of cost of sales, gross margin, and break-even calculations. Where judgement is needed to define a cost as fixed or variable, use common sense.
- Avoid allocation of costs as they usually give business managers costs and pressures that they don't control.
- Group all marketing costs together and treat them as a strategic block. This is the section of the profit and loss account where the "fuel" is injected to make the business grow.

Conduct market research

Deleting market research as a budget item means that the business flies blind.

Look for financial capacity to grow

Why wait until next year's budget to move forward along the growth path? Do it as soon as the tools indicate that the capacity is available.

Deadly sin 7: Lack of visibility

The most dangerous place for a business leader is behind his or her desk. Visionary leadership is about painting a picture of where a company is going. It is not so much what is said – more the fact that it is being said. People's reaction will be "Thank God someone around here is leading". Do it often.

- Ways to be more visible
- Go on walkabouts.
- Deliver stump speeches.
- Take brown bag lunches.
- Attend team meetings.
- Attend company meetings.
- Stump speeches are a great way to communicate regularly with staff about how the company is doing, where it is going and why it is a great place to work. But they are only effective if you are receiving and responding to staff feedback on problems.

Inviting different groups of people to weekly or monthly sandwich lunches gives the opportunity not only to deliver your stump speech, but also to solicit questions and ideas from the group. This shows that you don't think you know it all, and that you value their contributions.

Deadly sin 8: Poor or little use of outside advisers

Very rarely does a business have on its payroll all the expertise that is needed for key decisions. Using the best available (and affordable) outside help with formulating policies or business plans makes sense, if an optimum solution is required.

Even if you don't use outsiders to create or implement key decisions, consider using them for validation. Well run companies have boards of advisers populated with people who can be accessed on a regular or occasional basis as required. High performing business leaders also use external sources to help them work "on" the business as well as "in" the business.

The five temptations of a CEO - why chief executives fail

In his book "*The five temptations of a CEO: A leadership fable*", published in 1998, Patrick Lencioni describes some common traps that can ensnare hard-driven executives.

Temptation 1: Choosing status over results

- Leadership is about producing results, not looking good.
- The best leaders live to win.
- They don't become hostages to their egos.

Temptation 2: Choosing popularity over accountability

- Good leaders have skills that correct behaviour that does not produce the desired results.
- Management should be objective rather than subjective.
- Leaders should work for long-term respect, not affection.

Temptation 3: Choosing certainty over clarity

- Leaders create clarity when they are decisive.
- Employees need clarity.
- Leaders cannot be right all the time.

- The cost of not taking the risk of being wrong is paralysis.

Temptation 4: Choosing harmony over productive conflict

- Poor leaders promote consensus when they should be mining and encouraging more conflict.
- Leaders should encourage "passionate discourse around ideas".
- Once a decision is made, however, the team must all back it.

Temptation 5: Choosing invulnerability over trust

- Leaders often mistakenly believe that they lose their credibility if their people feel too comfortable challenging their ideas.
- Leaders must make themselves vulnerable, show weakness, admit mistakes, and celebrate other people's strengths.

Don't be Caught Out by the New Pension Rules and Tax Charges for High Earners

Michelle Germaine, St. James's Place Partnership

History

- The Group is owned by St. James's Place Group plc.
- Established by Mike Wilson, Sir Mark Weinberg and Lord Rothschild in 1992.
- Listed on the London Stock Exchange
- FTSE 250
- President –Sir Mark Weinberg
- Chairman –Mike Wilson
- CEO –David Bellamy

Michelle Germaine

- 18 years in banking & financial services
- Invited to join St. James's Place 5 years ago as a Partner
- Advanced financial planning qualifications
- Practice set up with Specialists
- Specialist in Business and Pensions

Budget Day – April 2009

- Pension's simplification? You must be joking!
- Higher rate tax relief remains on contributions with income less than £150k
- From 6 April 2011, higher rate tax relief will be reduced for individuals earning between £150k-£180k
- From 6 April 2011, tax on pension contributions restricted to 20% for individuals earning over £180k

"The Government intends, from 6 April 2011, to restrict tax relief to individuals with an annual income of £150,000 or more. Relief will be tapered away so that for those earning over £180,000, relief will be worth 20%, the same as a basic rate tax payer."

Relevant Earnings

- Earnings from employment
- Earnings from self employment/Partnership
- Most pension income (state, occupational and personal pension)
- Interest on most savings
- Income from shares (dividend income)
- Rental income, and
- Income received by an individual from a trust

1. Are your total earnings less than £150k for each of the current tax year and the last two years? The new pension contribution*rules don't affect you.

2. If you earn £150k, have you increased your normal, ongoing regular (monthly, quarterly) pension savings on or after 22 April 2009? If no, the new rules don't affect you.

3. Were your total pension contributions/savings (including any employer contributions) for the current tax year or last two tax years more than £20,000 If no, the new rules do not affect you. If yes, you may be affected by Special Annual Allowance?

Opportunities and Planning

- Earning over £150,000 –fund £20,000
- Under £150,000 –max fund pension whilst you can-40% tax relief still there
- Income between £100,000-£112,950 –Salary sacrifice effective rate 60%
- Gift Aid
- A Day rules still apply
- Has your spouse got a pension?
- If self-employed, reduce your profits with a pension contribution and reduce your "relevant income"……

Case Study – Relevant Income

- Say contribute £30,000 to a pension
- Income 'after' the pension contribution is now £149,999 (£169,999 - £20,000 special allowance)
- Maximum additional pension contribution with full higher rate relief is up to 100% of £139,999
- And, the income is below the £150,000 for income tax purposes

Income Tax in Retirement after 2010

Earnings	Tax Rate	Capital/Fund needed
Up to £37,400	20%	£935,000
£37,400 up to £150,000	40%	£935,000 to £3,750,000
£150,000	50%	Over £3.75m

- Retirement Planning has become more complicated, so greater need for advice
- Advice that takes account of investment objectives as well as tax relief planning
- New rules on Annual/Singles

Massive Impact – Pre Budget Statement
Lifetime Allowance
£1.8m 2010/2011 →2015/2016
Annual Allowance
£255,000 2010/2011 →2015/2016

How does your Pension fund affect the Lifetime Allowance?
Pension Lifetime Allowance£1,800,000. Is it your problem?

Where Will My Retirement Income Come From?

Pensions	Investments/ISAs	Buy to let	House

Adequate Retirement Income?

- Pension –The Tax Breaks!
  £60,000 (net) £100,000 (gross)

  + 67%!! →
- Name another investment that gives this return.

St. James's Place Guarantee
"The St. James's Place Wealth Management Group guarantees the advice given by its representatives when recommending any of the products and services provided by the companies within the Group."

Brand Structure for Your Business

Bill Graham, Cypher Design

Identifying priorities when developing a brand family in relationship to long term corporate strategy

During this period of uncertainty and a deep recession there is an understandable inclination to reduce the marketing budget. Clearly the wrong thing to do in a more competitive market. However it seems easier when compared to other costs. A better approach is to be more focused with your marketing output. One way to accomplish this is to ensure that your approach to brand development supports the long term marketing plans for the company.

Many new companies and some established who have employed us to work on specific projects from design of a corporate logo to launching of a new brand have started from a single product or service base. Their enthusiasm only matched by the challenges they face tends to focus their attention on a single market. This dictates much of their policy reflected in the business and marketing plan. It equally sometimes dictates their approach to the corporate identity and brand mark.

Our involvement with a client is firstly as creative consultants to use our broad experience and qualifications to design or develop an existing brand depending at what stage the organisation is at. The quality of our graphics and design is expected to be of a high standard however the direction of style imagery and components is dictated by company policy.

In marketing terms the combination of colours, graphics and words, etc., employed by an organisation to make a visual statement about itself and its business philosophy has a long term impact on how a firm views itself, how it wishes to be seen by others and how it is recognised and remembered by existing and potential customers.

Example: Soup Opera

We were introduced to Soup Opera to further develop the brand which was already established. They had, however, named the company after what was a very good product for which there was a quantifiable demand. As far as it went a classic marketing plan for a single brand company. Initially they were successful however it became increasingly obvious the profit made in the winter months when soup is popular did not compensate for the drop of sales in the summer. This caused financial pressure and Cypher was commissioned to create new brands targeted at the summer months i.e. fruit smoothies. However now the corporate identity was working against the new brands being specifically targeted at the soup market. This finally undermined the company and its branches closed, what was left was sold and adapted for use via dispensers in Motorway Service areas.

This example stresses the importance of considering potential future developments and changes of direction before starting a brand structure. Nobody can predict the future but we can develop the beginning of our brand structure so that it allows as much flexibility for future development as possible. Brands and markets can be affected by a broad range of pressures and changes: taste, technology, economic pressure, health, legislation etc. These changes will effect the direction a company takes regarding its development.

Example: Sports Products Manufacturer
This company initially branded with the name of a particular treatment they were applying to their sports goods, a particular type of fastening. We pointed out that they may in the future develop other innovative designs and/or treatments that might require a separate brand and that the particular form of fastening could extend to other business sectors. We also pointed out that they might want to sell the rights to the fastening at a later stage or to sub license it which would be made more difficult if it was tied to the company/trading name and brand.

This has motivated a reorganization of their brand marks and brand structure to accommodate potential future plans giving them much more flexibility to deal with what might happen one year, five years even 20 years later.

Terminology

- Corporate Identity: Corporate policy regarding image
- Corporate Image: Customer/ Public impression of company (not necessarily the same as above)
- Brand Mark/Name: Identifying or representing a firm
- Trade mark: Legal name for a brand mark/name

How many businesses start out with the following formula?
Brand mark/name = Product/Service + Company Name

Ideally you would want a structure similar to this:

Brand mark 1 = Company Name

Sub-brand 1 = Specific Service or Product Line	Sub-brand 2 = Specific Service or Product Line	Sub-brand 3 = Specific Service or Product Line

The Top 5 Mistakes When Employing Staff and How to Avoid Them

Richard Linskell, Speechly Bircham

Mistake #1 - Failing to record accurately all the terms of a contract

- Contracts are usually made up of written and oral terms – the problem with oral terms is proving them!
- Promises often made to employees during the recruitment process that are not recorded in writing either for policy reasons (eg: discretionary bonuses) or simply by omission (time constraint/laziness?). They may nevertheless be contractual.

Eg: senior executive at Bank told that, though bonus is discretionary, he can expect a minimum of £200k pa, which is crucial for him as (1) he is leaving a job where package is that level and (2) he is relocating his family to the UK and requires a minimum guarantee. He is made redundant and not paid the bonus and is heavily out of pocket. Has started proceedings.

Eg: MD of family-owned private company is asked to return shares to company for tax purposes due to restructuring of company. He is reassured that he won't be out of pocket and that they will provide a new exit plan for him and continue to pay him a bonus based on the same advantageous tax treatment as dividends. In the first year he is paid a bonus grossed up for income tax but subsequent years they refused to gross up, costing him about £100k. Nothing written about promise. He has now resigned and is suing.

Lessons to learn

- From employees' perspective, should have insisted on promise in writing. Now subject to legal cost and stress having to enforce their rights.
- For employers, whilst in both cases they may say they have saved themselves money, the cost in legal fees and management time in defending the proceedings means they will regret not recording the terms accurately.
- It is important not to make promises that you can't live up to and also do record accurately what has been agreed. Not only is litigation likely to ensue, there will also be the recruitment costs and other costs to the business of a departure if the relationship breaks down as a result of one party feeling they have been cheated or lied to.

Mistake #2 – Failing to provide ongoing, appropriate feedback

One of the most common mistakes is to think that you have given feedback/guidance but not to give it openly and honestly. That means you either are either afraid of confrontation or don't want to hurt someone's feelings.

- It is important to assess employees' performance and give them feedback. This is a matter of good people management so that you have accurate information about performance as opposed to simply impression
- Increasingly, employees expect feedback and praise – failure to provide will lead to disillusionment and loss of confidence
- From a legal perspective, it is also important in order to defend a legal case.

Eg: employee in a professional services firm is average performer and does not seem to "get it" nor produce a polished enough product for the clients. This is very hard to measure but the directors know it when they see it. Company gave feedback but he didn't improve. They then wanted to dismiss but were advised that the dismissal would be unfair unless a fair process was followed. When challenged re performance, he claimed that he was performing well and they were being unfair to him. It is likely that this employee will never accept critical feedback but clear, evidence-based feedback at an early stage can help to avoid problems.

Lessons to learn

- If you monitor performance honestly and accurately, employees will have an idea of where they are headed. High performing employees will feel appreciated and motivated, which will aid retention. Poorer employees, if they are sensible, will see the writing on the wall if their reviews are not good and will leave of their own accord.
- For those who won't or can't improve, you will have followed a fair process so that you have acted fairly and you will have a paper trail of evidence for taking action.

Mistake #3 – Maternity problems – reorganizations

- Where do I start?! Not just a matter of the direct discrimination. It is also important to think of indirect consequences or motivations for actions.
- No law preventing a woman on maternity from being made redundant or dismissed, however, do need to offer suitable alternative employment if available. However, if you do want to dismiss a woman on maternity, you had better make sure that you have a very good reason supported by very good evidence otherwise you are sure to be in trouble!

Eg: Employee was senior, high performing executive (sales). Had important role linking between company's numerous international businesses within the organisation, but couldn't find equivalent maternity cover. She was replaced by someone less senior during her absence. Before her return, she was consulted about her redundancy as the company has "changed its focus" and no longer wanted to support international businesses centrally but a junior employee would support the woman's former manager. Reality is, from woman's perspective, that the new role is simply her role downgraded; along the lines of her maternity cover therefore they have used the opportunity of her maternity leave to trial the new role (denied by the employer who says it is a different role). Furthermore, she applied for several jobs but was turned down as there were (possibly) better candidates for those roles.

- However, she argued she should nevertheless have been appointed as there is a duty to offer suitable alternative employment. Case settled for a 6-figure sum!

Lessons to learn

- If you think there may be a risk, that's because there probably is!
- Do look at exactly why you think there is justification for a reorganisation. If you have seen something emerges as a result of a woman's absence on maternity leave, then be very careful that the justification stands up to scrutiny independent of her absence.
- If there are jobs available, they should be offered to he woman, even if there are potentially better candidates.

Workgroups Session B

Do You Want to Cut Costs? Talk to Your Customers

Susan Brownrigg, Blueprint Structures

Operational efficiency comes from understanding your customer and building your operation to deliver the customer proposition. You then need to put the right people in the right place delivering the product and service right first time in accordance with customer requirements. If you do that, you will achieve operational efficiency which leads to reduction of waste and therefore cost effectiveness and savings.

Current economic conditions demand a different approach to how we do things

Current economic crisis and downturn have changed the dynamics between customer and supplier, between client and provider of services. Those businesses hardest hit by the recession and credit crunch – airlines, consultancy services, personal services, construction, and manufacturing to mention a few - have seen demand for their products and services drop drastically. Suppliers are therefore competing heavily for those fewer remaining customers who have some money to spend.

But there is less money to spend as banking institutions are being more cautious who they lend money to. Credit cards are harder to come by and there has been no increase in credit card spending. People are spending their own hard earned cash using debit not credit cards. So customers have to find the money internally and therefore will buy less and be more selective. And because of over-supply, the customer is now in a position to better dictate standard of service and price. Customers are demanding more for their money.

Businesses are therefore looking at different ways to attract those fewer available customers. Tactics include discounts, additional features at no extra cost, and better customer service. But how are they financing these promotions? Are they cutting their costs or are they simply absorbing the cost of the discounting schemes by taking a knock on their profit margins? Can they supply the goods, provide the services the customer wants efficiently and effectively and still make a profit when margins are being squeezed. Can they cut costs without wrongfully eliminating crucial resources or alienating the client?

The answer is yes. But it is not by eliminating human resources indiscriminately when sales are down. It is not about using cheaper and nasty resources that diminish the quality of the product or service when offering discounts or adding features. It is about becoming a lean fighting- fit business highly efficient in producing and delivering the products or services demanded by the customer and highly effective in using the resources they need.

Becoming a lean and fit business

How do they achieve this? First companies need to review their areas of business and sectors they operate in. They need to ditch any peripheral businesses and pet projects and stick to their core business. However they need to diversify their products and services to satisfy the current needs and wants of the existing and new target customers. A good example is provided by Capital Models, a London based business producing models for architectural buildings. Capital Models have stuck to their core business of producing models but have now diversified into producing models for exhibitions and artists as well. This has helped them not only survive but trade successfully and competitively during the economic recession.

So companies need a new strategy and business plan that will deliver the new client proposition. They need to revisit the inputs, their supply chain, their operations and processes, their method of delivery. They also need to revisit their organisation structure to ensure they have the right people with the right skills and capabilities or the potential to develop those skills required to deliver this new client proposition.

The main question to ask, that will dictate how the company will proceed forward, is:

'What do your customers want now?

- Are they after cheaper products or services?
- Are they after better value for money (more for same price)?
- Are they after better customer service? (e.g. timing and location of purchase drop offs)
- Are they after new features or enhancements to the product/service?

Cutting Costs

Let's answer the questions above and explore how we can do things cheaper without diminishing the level of service.

1. Are your customers after a cheaper product or service?

If so you have to look at ways of producing the goods and services more cheaply. There are a number of places to look at where you can cut costs.

- **Inputs** - How can you get cheaper inputs without diminishing the quality? You need to look at your supply chain. Where do you get the inputs – can you buy more locally to reduce the cost of delivery. Can you bulk buy with others by forming a consortium of buyers? How much inventory do you keep and how much is it costing you to keep those levels of inventory? What's the damage and pilfering potential? Can you operate in a 'just in time' scenario to reduce the inventory levels?
- **Process & Operation** – Are there any redundant parts in the processes? Look at investing in more efficient processing machinery. Have you carefully calibrated your operations so that the right parts are assembled and avoid bad workmanship and waste through rework or returns? Do you need to maintain shift work? Do you have standard operating procedures that tell people exactly what they have to do or templates they need to use so as not to re-invent the wheel every time?
- **Assets** - If you have overcapacity, can you lease your equipment/space to other companies – make some money out of downtime? If you use your floor space more efficiently you can downsize your rent requirements. Look around to switch to other utility providers to decrease your overhead costs.
- **Admin & Finance** – how does the back office function? What is the ratio of indirect workers to direct workers? What is the billing process? How fast do you pay your suppliers? What are your own credit terms?

- **HR** – How are you structured? Do you have the right people in the right roles? What are their capabilities? Can they be trained to extend their capacity? Look at their ongoing training, maintain what is imperative and eliminate any peripheral training. It is about concentrating everyone's effort on the task not wishful personal ambitions of the individual. Do you have extra capacity in HR? Eliminate the laggards and retrain the good ones. Use e-training and e-induction programmes to cut the cost of training.
- **Corporate Social Responsibility** - Use CSR, e.g. the environmental agenda to your advantage. Eliminate parts of the process or packaging and spin it as saving the environment (just like Tesco & Waitrose did on plastic bags). Use video conferencing and on-screen document sharing facilities (e.g. webex) to discuss issues with internal people or clients in different geographical areas instead of driving/flying to destinations and charging travel costs. Use e-invoicing to save on paper and transport. If you are in food processing, source locally. May not be the absolute best or cheapest in the country but it is fresher and helps local businesses.

2. Are your customers after better value for money (more for same price)?

This is about value – not cost. So what can you offer extra but at no extra cost to the customer and minimal expense on your part? Let's take the example of a providing a client with free software training (which is normally added to the cost of buying or developing and implementing the software). You can do this with minimal cost to yourself by supplying a free training DVD that gives a classroom scenario of training and ensuring training support for a dedicated time period. You would have a one-time cost of shooting a video of a training programme. But this is offset by the fact that less training material is required and there is also a decrease in cost of training the trainers.

3. Are your customers after better customer service?

- More staff on shop floor - How can you do so without increasing staff? Good examples are Waitrose, Tesco and B&Q with self scanning. Therefore less people are required on the tills at check-out which means there are more staff available to help and advice customers on product selection.
- Rethink delivery times - Extend evening hours and weekends when most people can be available. It may cost in extra after-hours shifts but this can be offset against the extended time of delivery during rush hour and the possibility of gaining more customers who switch to your company because of better drop offs. Ocado are a good example of good delivery service.
- Call an hour earlier to fix more exact timing and ensure customer is available for delivery (British Gas).
- Decentralise warehousing to cut on costs of travel to and from central warehouse.

4. Are your customers after new features or enhancements to the product/service?

There is no point in cutting the cost of the product or service if what the customer wanted was added features. So how can you deliver that at minimum cost? What is the best way of adding the feature efficiently to your already set process? Consider any of the above points to ensure efficiency and effectiveness of operation or delivery while still ensuring customer satisfaction.

Also if there are any new forms of service that the client does not want and or a business offshoot that is distracting your focus, eliminate it. That stops wasting time and expensive resources and helps you focus your attention on the features most wanted by your customers.

Conclusion

Therefore it is by understanding your customer and their needs that you can deliver your product or service according to their specifications. And in doing so you need to review your operation and method of delivery to eliminate waste and maximise capacity. You need to review your people structure ensuring you have the right people with the right capabilities to achieve organisational excellence. And finally you need to look at how you use your physical assets to maximise their performance. That is why talking to your customer eliminates waste and cut costs.

5 Tips for Getting the Most Out of Your Visual Events

Sue Terpilowski, Image Line Communications

Exhibiting at trade shows can be a cost-effective way to generate business, whether you are a new entrepreneur or have been in business for years. Some exhibitors, however, do not experience the success of others. The success of the exhibitor is the responsibility of the exhibitor, not the trade show organizer. The organizer's responsibility is to promote the show, fill the exhibits and fill the show with large numbers of visitors. Being at the right show for your business is the first step. Attracting visitors to your exhibit is the next step and may be a challenge. Once the visitor is there, getting them to buy your product or service, or agree to a future contact is another challenge. Bring to mind a time when you either participated at a trade show or were a visitor at a trade show what attracted you to an exhibit, and what turned you off?

Here are 5 success tips that will assist you in enhancing your experience as an exhibitor at your first or next trade show.

1. Seating.

Sitting on a barstool will keep you at eye-level with most visitors. Avoid chairs at regular height as it creates a sense of distance between you and your visitors, thus breaking rapport with them.

2. Create gender balance.

Balancing the number of men and women in your exhibit will help ensure your visitors feel comfortable during their visit. An exhibit staffed by all men or all women may not be as inviting to the opposite sex. In addition to gender balance, when possible, have different ages of staff at your exhibit to ensure that visitors can relate to the staff at your exhibit.

3. Less is more when it comes to displaying your literature

- it is better to replenish your materials frequently than have a disorganized surplus at any one time. Large piles of flyers or show-special handouts may appear to some visitors that no one has taken an interest in your materials. Store large quantities of your handouts and flyers under your table and only display short, smaller piles at any one time.

4. Offer carry bags.

Many visitors collect a multitude of samples, brochures, and business cards during the show. Offer them a carry bag that displays your company logo. Not only will you appear as the hero for giving them a handy carry bag, you will also have your name/logo displayed at the show while people carrying your bags are browsing the other exhibits.

5. Use a photo.

Put a head-and-shoulders photo of yourself or a photo of your product on your literature. These photos will help visitors remember you when they browse through your materials at a later date. Many visitors collect a multitude of flyers and brochures during the show and when they get back to their office, they sift through each piece, usually tossing away what they don't need. Having your photo on your materials will help them reconnect with you again.

Online Brand Protection Requires Brand Promotion

Shireen Smith, Azrights Solicitors

Your Reputation Online

- Who is talking about you?
  -Are you aware?

Your Reputation Online

- Reputation
  - Arsenal Fans?
  - The Streisand Effect
  - An Internet phenomenon where an attempt to censor or remove a piece of information backfires, causing the information to be publicized widely and to a greater extent than would have occurred if no censorship had been attempted.
    Wikipedia
  - Today's published Commons order papers contain a question to be answered by a minister later this week. The Guardian is prevented from identifying the MP who has asked the question, what the question is, which minister might answer it, or where the question is to be found.
  - The Guardian is also forbidden from telling its readers why the paper is prevented – for the first time in memory – from reporting parliament. Legal obstacles, which cannot be identified, involve proceedings, which cannot be mentioned, on behalf of a client who must remain secret.

- Revolution
  - Interruption Marketing
  - What happened to the Yellow Pages?
  - Social media – engaging with buyers
  - Which platforms? Secure name.

- Strategy
  - Unique Positioning
  - Knowing your buyers.
  - Learn rules of communities
  - Blogging
  - Good remarkable content
  - Keyword Research- Keyword Tool
    Metrics: Keyword Opportunity Index (KOI), Keyword Effectiveness Index (KEI)…

Reputation Monitoring

- What Monitor?
  - Social Media (Facebook, Twitter, Linked in…)
  - Web Contents (Google News, Google Alert, Yahoo!)
  - Discussions (Board Tracker, Board Research, Google group…)

Being remarkable

Acknowledgements

Before & After 6 gratefully acknowledges the support
and assistance of members and friends
who have helped to make this first conference a reality.

Conference Organising Team
Noreen Cesareo, Market Accents
Jeremy Crouch, Creation Consulting Ltd
Jamie and Bill Graham, Cypher Design Ltd
Paul Chapman, HSBC Bank Plc
Sue Terpilowski, Image Line Communications
David Milnes, KyteMark Solutions Ltd
Peter Detre, Mature MD
Terry Irwin, TCii
Nina Provencal
Veronique Rapetti
Estelle Freyne

Keynote Speaker
Mark Berrisford-Smith, HSBC Bank Plc

Panel Speakers and Workgroup Presenters
Shireen Smith, Azrights Solicitors
Susan Brownrigg, Blueprint Structures Ltd
Jeremy Crouch, Creation Consulting Ltd
Jamie and Bill Graham, Cypher Design Ltd
Paul Chapman, HSBC Bank Plc
Sue Terpilowski, Image Line Communications
Peter Detre, Mature MD
Andrew Burch, Sayers Butterworth LLP
Michelle Germaine, St James's Place Partnership
Richard Linskell, Speechly Bircham
Mark Barnett, Steeles Law
Terry Irwin, TCii

The RAF Club

For further information, please contact Noreen Cesareo at treasurer@b4a6.co.uk.
Before and After 6, c/o 1A Zetland House, 5-25 Scrutton Street, London EC2A 4HJ.