

ACHIEVING YOUR AMBITION

**HOW DO INDEPENDENT
COMPANIES IGNITE - OR RE-IGINITE -
THEIR SENSE OF PURPOSE?**

At a symposium facilitated by Avonglen, in association with DECISION magazine, a group of directors met to discuss the issues and to provide a barometer reading of where we really are in terms of the economy.

What still excites you about business, and what would you say is the most profound change in how business is conducted?

Matt Fox, managing director, Dynamite Recruitment: "When I launched the business, it was me and one other person in a shoebox of an office. Now there are twenty of us and we have just moved onto a business park, and I take my satisfaction from seeing people succeed by developing their talent and career with us. What has changed is how we communicate. Getting hold of a candidate by phone could take two or three days. Now we're in live 'chat' with them through Windows Live Messenger. I've always worked at a million miles an hour but now if you're in business and you sit still for a moment, you're out of the game."

Jo Kedward, managing director, Polymedia: "And we're so contactable, twenty-four hours a day. One of the things that excites me is innovation. The only way to benefit from technology is to embrace it. You have to be excited by it. The opportunities are huge, but unless technology and how it can be applied by your business is clearly understood, then it comes with danger."

Stephen Ryde-Weller, head of corporate/commercial, Verisona Law: "Instead of trying to react to change, businesses are

going to have to try to initiate change by doing something different, to create their own niche. The pop-up shop is a simple example. I think people today are much more prepared to have a go."

Simon Saxby, chief executive, Stratophase: "I started my career as a scientist and became a businessman almost by default. What I like about business is that no two days are the same. There is always a challenge of some kind. What I have learned is that everything should be about the means to a sale, or the likelihood of a positive outcome, in terms of what you say and do. What has changed is that technology has made a difference in terms of the pace of business. But I still believe the most effective way of being able to start a relationship with a customer is by introductory letter, and then to meet them face-to-face so you can look them in the eye."

Mark Haywood, founder director, Haywood Office Services: "The value of a one-to-one with the customer is that it gives you the opportunity to really listen to them, not just for the sale being discussed, but to identify what else you could be doing for them. Technology might have brought in a few extra customers, but I consider it to have diluted that sales process. People might think they are saving time by buying online, but if they spent just an hour

in the showroom, trying out different products, it makes all the difference in terms of customer satisfaction. But it's as if people need to be re-educated about that option."

Nick Groves, director, WFBA: "I joined the business in 1996, a year after it started, and I was very much a hands-on engineer at the time. What excites me is that my role continues to change - I enjoy looking at strategy, how to create and develop teams. The biggest buzz comes from pursuing opportunities, turning them into clients, producing successful projects, and then retaining them."

Sarah Brooks, founder director, The Yes Yes Company: "In 2006 we started the business because we wanted to make a difference. Can I read you one of what we call our 'yestimonials'. It's from a customer who wrote to say now they have passed the age of one hundred, Yes Yes have given them a new lease of life. We now sell to over ninety-six countries, and what has changed is that we are now able to sell globally because of the internet. That means the most amazing ambitions and goals are now legitimate thanks to technology. So today, new product launches are all online and through social media. What really excites me still is surprising and shocking people when I explain our products."

Mark Vincent, director, Amiri Construction: "A group of us acquired a significant stake from the original shareholders in order to take the business to the next level. I am motivated by the teamwork which gets a project, such as a new school, to the start line and then to construction, and the difference the completed project makes to people's lives. What has changed, and this doesn't just relate to the building industry, is that everyone expects to pay nothing for something. The value proposition can be difficult to get across to people."

Allan Packer, managing director, Silver Lining Convergence: "Rapid, exciting, and stressful are three words which sum up the world in which we operate as a solutions provider. We get a lot of insight into how different businesses function, how they operate. I want to see us creating more of our own IP, and then identifying where else it can be applied. A challenge we see is that bigger rivals are prepared to pitch in a way which means they are buying new business. We lost a tender to a global competitor, but a few months in, the contract fell apart. We were called in because they couldn't deliver it at that cost. Increasingly, technology is driven by the Microsofts of this world who are becoming the architects of how we are able to function as businesses and society; we will increasingly work in the

way they want us to work."

Mike Austin, chief executive, Fresh Relevance: "The thing I keep coming back to is the satisfaction of building products that people get value from. The process of identifying real needs, making the product which is both easy to use and powerful, and figuring out what will give the customer the most value at the right price point excites me. The biggest change in how business works is the reduction in physical paperwork. Six years ago in my previous company, we had filing cabinets full of paper, such as copies of contracts; now we're a digital business with no paper at all."

Gareth Roberts, managing director, Bishops Printers: "In business you have to be prepared to pro-actively refresh what you do. What works if your turnover is £5million won't necessarily be sufficient when you are moving towards £10 million. The transparency of the internet has driven some great benefits in terms of standards. Companies can't get away with late delivery because they will be exposed on social media. But technology also reduces cost expectations, so the challenge is how to add and then, importantly, communicate the value when increasingly people prefer not to have face-to-face meetings with a potential supplier or read explanations."

Aniello Sabatino, founding director, Transalis: "An important responsibility of the managing director is to balance between working 'on' the business and working 'in' the business. I come in every day and it still feels like we are a new start up. Our challenge as a technology company is to demonstrate to our clients how technology can help them. There is so much more that technology is going to enable us to achieve. Artificial intelligence, the internet of things, blockchain - they are all coming together. And as they do, it is all going to be about integration; this is the age of getting connected."

Nick Groves, director, WFBA: "My only concern is that just because technology enables it, that doesn't mean we should do it!"

What sets an independent service provider apart from a multinational or quoted company competitor?

Mark Haywood, founder director, Haywood Office Services: "Customers aren't numbers to an independent company."

Stephen Ryde-Weller, head of corporate/commercial, Verisona Law: "I think that SMEs are better at listening and are then quicker at being able to understand what the customer wants. Larger

organisations can have an arrogance about them in that they assume they know what the customer wants."

Nick Groves, director, WFBA: "When we talk about the customer building a relationship with the company, they are actually building that relationship with team members and an SME needs the right structure in place so that rapport isn't lost if a team member leaves."

Mark Vincent, director, Amiri Construction: "It's all about the level of engagement. With an SME the client gets that much higher up than with a corporate, which will also have a greater turnover of people. With a corporate, the client might see a regional director but that person is filtering stuff down and messages can get lost in translation, like that TV advert where the radio operator thought the caller had said send surprise instead of supplies."

Jo Kedward, managing director, Polymedia: "But the downside is that if the person running the company wins a contract, because the customer has bought into that person, the expectation is that they will be doing the work, which reduces the time which can be spent on the business instead of in it."

Matt Fox, managing director, Dynamite Recruitment: 'I think there is more

positive discrimination for smaller firms. I remember calling the head of recruitment at a multinational insurance company who said she would be happy for me to come and see her. I mentioned that when I was running a subsidiary of a recruitment group, I could never get a meeting with her. She replied she would rather be in our top 10 than their top 250."

Sarah Brooks, founder director, The Yes Yes Company: 'We have been able to achieve what we have done partly because large companies have a conservative culture, so when they want to launch a new product, they don't want it to be disruptive, to challenge their corporate way of thinking."

Simon Saxby, chief executive, Stratophase: "Innovative ideas in technology and life sciences come from small companies which are then acquired by the multinationals. But the major players are learning that it can be better to work with them instead, giving them the funding they need rather than taking them over and trying to make them corporate."

Aniello Sabatino, founding director, Transalis: "See the telecom providers, for example. They all offer mobile, phone, broadband and TV services. These big companies find it increasingly difficult

to differentiate themselves. So now they are looking to partner, often with small firms, to get into new markets and to expand their services portfolio. Their intention is not necessarily to acquire those companies but to work with them to develop new opportunities."

Nick Groves, director, WFBA: "We have seen what happens to companies when they are required by a corporate; they are gutted from the inside by the imposition of a corporate culture which rips the heart and soul out of a vibrant business."

Allan Packer, managing director, Silver Lining Convergence: "For a corporate an acquisition is primarily a spreadsheet model, and they expect to get some erosion after completion. The combined business will gain more economies of scale, but they will find it harder to retain staff, and will become slower to bring out new products. What is interesting is that in three tenders we have received recently, we have been asked to confirm that we have no plans to be acquired."

Mike Austin, chief executive, Fresh Relevance: "A small firm needs to produce quality and service spot on every time or they just won't survive. The focus and responsiveness that a small company can provide is a huge advantage over bigger competitors."

Gareth Roberts, managing director, Bishops Printers: "The managing director of an independent company will worry as much about the end of month bills no matter how big their business has become. Actually, that's a powerful motivator."

Sarah Brooks, founder director, The Yes Yes Company: "The only time people 'touch' us is when they open the box and take out our product, so we demonstrate our commitment to the customer by providing a 100% no quibble refund or replacement guarantee. It pays dividends. I can't imagine a large business being so ludicrously generous."

Matt Fox, managing director, Dynamite Recruitment: "The challenge for the independent company is that as it grows, the little touches which sets them apart aren't lost. When we started, every time a candidate started a new job, they would receive a hand-written congratulations card signed by everyone in the office. Now, when it can be that sixty people are placed in one week, we can spend the best part of a day just signing the cards! But as you scale, you can't lose the special things that helped you get to where you are. "

What are the issues that the directors of an ambitious independent company find most difficult to (find time) to address?

Mike Austin, chief executive, Fresh Relevance: 'Finding time itself is the biggest problem! But skill shortages will top the list. I have noticed a big difference in being able to get people in. Since the Brexit announcement, we have lost all of our software developers from the EU. It's also a difficulty for small firms to apply for grants. You need a dedicated bid writer to stand any chance. I just haven't the time or resource to apply for them.'

Allan Packer, managing director, Silver Lining Convergence: 'We wanted to move into a specific product area which meant we needed two or three engineers with specific skills. The only way we could do it was by acquiring a business which had twelve of them.'

Stephen Ryde-Weller, head of corporate/commercial, Verisona Law: 'There is a tension between trying to create an enjoyable working environment and putting the client's needs at the centre of the organisation, for example if people want to watch the Tour de France for a couple of hours during the working day, but something urgent comes up in the meantime. Companies need to ensure

that the focus is always on the client.'

Aniello Sabatino, founding director, Transalis: 'You get to the point when you realise you have got to decide whether to carry on the way you have with the business or make a concerted effort to take the business to the next level. It's then about making that leap; how is it best to achieve it, to be able to cross the chasm.'

Gareth Roberts, managing director, Bishops Printers: 'I'm a great believer in the glass being half full. If the cost of our raw materials goes up, then that will be the case for our competitors as well. The issues of strategy, finding the right people, finance, aren't new but we need to look at them in a way which will result in a positive outcome.'

Simon Saxby, chief executive, Stratophase: 'The challenge is to keep being innovative; that's what our country has always been strong at.'

Jo Kedward, managing director, Polymedia: 'But there are significant influences outside of our control. Political disruption affects consumer confidence as well as economic news, and the moment it happens, it can have a massive impact.'

If you had the keys to No 10 (or No 11 for that matter), what would you do to encourage SMEs?

Aniello Sabatino, founding director, Transalis: "I would like to see more investment in the way our children are educated, and for more to be done to encourage them to be the next generation of explorers and innovators. We need to do more to achieve a world-leading education for all young people interested in science, technology, engineering and mathematics (STEM) and to help them to fulfil their potential."

Gareth Roberts, managing director, Bishops Printers: "I would raise capital allowances to £5million. It would be an easy, simple way to stimulate business efficiency as well as growth."

Mike Austin, chief executive, Fresh Relevance: "A bill should be introduced to streamline debt collection to allow all firms to more easily enforce payment terms which have been agreed. I don't know exactly how the mechanism would work, but I know the impact on cashflow would be enormous."

Allan Packer, managing director, Silver Lining Convergence: "We need to flatten taxation. It's a travesty that we're paying more tax than Starbucks. Either it should be a percentage of turnover or profit on

goods or services produced and delivered in the UK. Corporates shouldn't be able to move money around the world just to avoid tax. At the other end of the scale, when a self-employed tradesperson doesn't declare a cash payment, they will argue they're not a drain on the national purse, but in fact they are consuming public services without contributing to them."

Mark Vincent, director, Amiri Construction: "I would introduce a complete reform of public sector procurement to dispose of the whole idea that bigger, like a Carillion, is better."

Sarah Brooks, founder director, The Yes Yes Company: "To encourage new business, if a graduate starts a company, the cost of employer's national insurance would come off their student loan. I would also like to see the introduction of government support to enable SMEs to protect their intellectual property."

Nick Groves, director, WFBA: "More government support is necessary to encourage the next generation to gain the skills that mission critical areas of the economy require, such as the building industry."

Mark Haywood, founder director, Haywood Office Services: "When VAT

was increased to 20%, I said at the time it should be dropped back to 17.5% as soon as possible because that would create more sales."

Matt Fox, managing director, Dynamite Recruitment: "I would really review and shake up the benefits system. It is completely alien to me that a young person looking for a job will turn down an opportunity because in the immediate short term they could be better off on benefits. That is a sense of entitlement which needs to be lost."

Simon Saxby, chief executive, Stratophase: "I would encourage more research and development by giving investors longer term benefit. The money is out there but it needs incentives if it is to be released. "

Stephen Ryde-Weller, head of corporate/commercial, Verisona Law: "I would ban the right to comment on the internet anonymously. I also believe there is still insufficient regulation on how the City functions, and unless that is addressed there will be another crash. But regulation should be applied proportionally. Most SMEs will complain that there is too much regulation and that this is adversely affecting their growth. There has to be a better balance between ensuring that large organisations are properly regulated while at the same

time protecting SMEs from officious red tape."

Jo Kedward, managing director, Polymedia: "I would further reduce corporation tax to encourage investment."

Chairman's Notes:

"The key messages that have struck a chord with me are:

1. Customers are continually demanding more for less.
2. Technology is changing rapidly and must be embraced by businesses in order to stay competitive.
3. It is difficult to find the right people with the skills and motivation that employers want.
4. Intellectual property ownership can give businesses a competitive advantage.
5. Owner-managed businesses are more agile than their larger competitors.

"It seems to me that the first two of these are probably linked. I suspect that the speed of technological change is driving customer expectations. We're constantly getting better electronic devices for a lower price in real-terms. For example, the TV I bought last year is ten times better than the one I bought fifteen years ago and cost about the same amount, which is probably half

the price in real terms. In addition, the internet has a tendency to commodify things and drive down prices.

"So how can businesses insulate themselves from some of these harsh realities? Well they can't completely, but in my experience those which invest in intellectual property, technology and people skills tend to do better than those that don't. And it should go without saying, of course, that strong finances are essential to any ambitious business."

William Harris, director, Avonglen

Reference:

Amiri Construction - new build and refurbishment projects to public and private sector buildings.
amiriconstruction.co.uk

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bishops.co.uk

Dynamite Recruitment - permanent, temporary and contract recruitment solutions across all market sectors.
www.dynamiterecruitment.com

Fresh Relevance - blending marketing creativity with smart technology to elevate the customer experience and optimise revenue.
www.freshrelevance.com

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www.haywoodofficeservices.co.uk

Polymedia - strategic, integrated public relations consultancy.
www.polymediapr.co.uk

Silver Lining Convergence - integrated business broadband, telephone systems, IT infrastructure, business mobiles.
www.silver-lining.com

Stratophase - biotech services company revolutionising the timelines to clinic and commercialisation for biologics.
www.stratophase.com

The Yes Yes Company - natural, certified organic personal lubricants.
www.yesyeyes.org

Transalis - driving business growth by automating and connecting supply chains.
www.transalis.com

Verisona Law - a strategic approach to legal services to meet the long-term goals of a business.
www.verisonalaw.com

WFBA - civil and structural engineering consultancy.
www.wfba.co.uk



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Report written and published by
DECISION magazine
www.decisionmagazine.co.uk

Discussion hosted by
Cams Hall Business Centre
www.camshall.co.uk