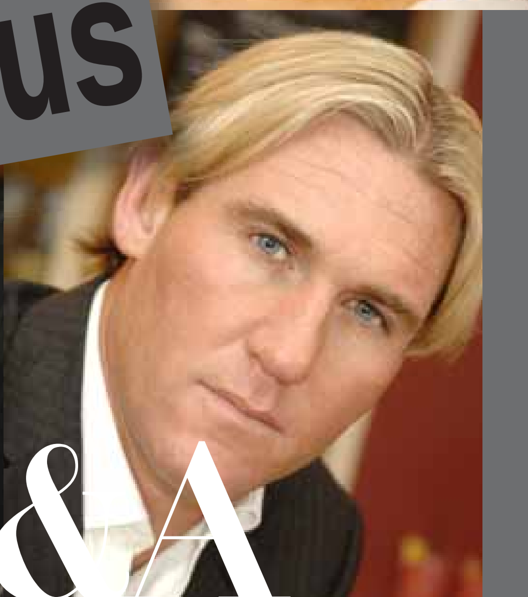
business TODAY

www.ukbusiness-today.co.uk | Issue 4 | 2009

- Women in Business
- The 'Credit Crunch'
- Innovation
- Bill Midgley column

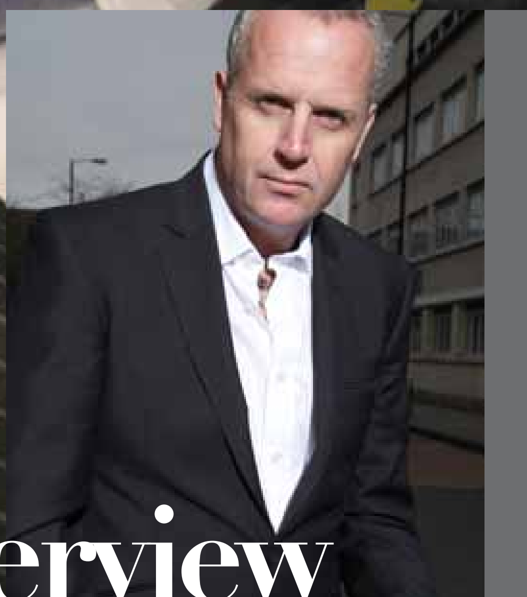
Phil Hall on the power of PR

plus



Q&A

with SIMON JORDAN



interview

with WILL KING

Free advice for your business.

In these times, businesses need practical and constructive advice. Our growth pack offers this. Tailor-made to your business, it's full of invaluable advice and has case studies on how other businesses have used our advice to grow. To get your own personal pack, just go online and answer a few simple questions, it takes just five minutes. Thousands of businesses have benefited over the last year, why don't you?

Visit royalmail.com/growth

Royal Mail

Business Today

inside
this issue
ISSUE 4 2009

video wall

Turn to page 35 in our online version of Business Today: www.ukbusiness-today.co.uk to watch the latest promotional videos from the industry

Turn to page 10 to read an interview with Phil Hall

Welcome to Issue 4 of Business Today

businessTODAY

is Ten Alps' new business title. It is uniquely aimed at delivering key opinion and advice to UK SME owners and managers through a unique editorial board of independent contributors.

Editor: Mark Lane
ml.editorial@tenalpspublishing.com
Online editor/Production editor:
Cathy Baldwin | 01625 667 696
cathy.baldwin@tenalpspublishing.com
Features editor: Brett Mathews
Design: Rachael Balderson
Digital design: Joanne Hamm
Sales manager:
Tania Duffy-Knott | 0161 832 6000
tania.duffy-knott@tenalpspublishing.com
Sales executive: Rebecca McCormick

See: www.ukbusiness-today.co.uk
Tel: 01625 613000

Produced by Ten Alps Publishing, Trelawney House, Chestergate, Macclesfield, Cheshire
SK11 6DW.
Tel: 01625 613000; www.tenalpspublishing.com
TLI October 2009.

Local Employment Partnerships

Effective recruitment

Strong communities.
Better business.

Make the most of untapped potential

Bringing together employers and partners to provide effective recruitment solutions.

"We're not working as separate organisations. Instead, we're using our combined experience and expertise to bring local people and employers together. So far, the partnership is working well. It's not just a case of getting people into work, we also show employers the benefits of training their staff. Through LEPs, we help people move into secure, long-term employment."

Mark Harrison, Area Manager, Pertemps People Development Group.

To find out about recruiting and training untapped potential:

www.jobcentreplus.gov.uk/up
Phone 0845 600 8192

UP
Untapped Potential

jobcentreplus

Part of the Department for Work and Pensions

Opportunities FOR INNOVATORS

Bill Murphy, managing director, BT Business, explains that although 2009 has been a hard year for business, there are still pockets of success in our backyard

The international picture hasn't broken the UK's entrepreneurial spirit. For example, home based businesses in the UK have risen by 16 per cent in a year - as people look for new and alternative forms of income at minimal cost. I continue to be encouraged by the creativity in the UK and firmly believe that there will always be opportunities for innovators.

But it's not just innovative start-ups that can thrive in tough times – I'm always keen to stress that any business can thrive with accurate planning and careful spending.

IT and communications spend can be controlled, for example using simple measures such as making more calls using VoIP (internet) telephony, consolidating suppliers and having a clearer understanding of your communications and IT bills. Having a keener eye on even small incremental spend will put firms in a stronger position to take advantage of the upturn when it comes.

We've also seen the continued positive march towards more flexible working, with 72 per cent of the UK's small and medium sized businesses now operating a flexible working policy and over half of employees opting to work from home more often. Business is no longer nine to five, and to support both productive business out of hours and a decent work-life balance for your employees, we are fortunate that extensive mobile broadband and Wi-Fi coverage is now available to provide internet access wherever you are.

"It's not just innovative start-ups that can thrive in tough times – I'm always keen to stress that any business can thrive with accurate planning and careful spending."

Looking to 2010 we will see smaller firms take advantage of faster broadband with the commercial roll out of fibre broadband across some of the UK. With up to 40mbp/s download speeds possible, this next generation service will move firms' operations onto a new level, saving time and money, and helping them better compete in the current climate and beyond.

It's true that small businesses now have access to more products, services and advice that were previously the preserve of only larger firms, than at any other time. The sector has also been given a voice through initiatives that celebrate and award success, such as Small Business Week (19-23 October 2009). Supported by BT Business and leading government, business and independent organisations the event puts more focus on the advice and support we as a community need to continue the growth of the UK's 4.7m plus smaller enterprises. In January, we'll also see the 2010 Essence of the Entrepreneur winners unveiled, in a campaign that celebrates the achievements of inspirational British companies who are using technology to drive their business forward.

I am proud to supply to over one million small businesses and encourage anyone starting up in business to remember that large or small, the innovators will remain standing at the end of the current economic adventure. ■

More: www.thrivewithbt.com

Entrepreneur Marketing Academy

Learn The Secrets of How to Stand Out in a Crowded Market Place Using Low Cost High Impact Guerrilla Marketing Techniques

A difficult economy creates many opportunities that small businesses can capitalise on.

Have your competitors left the market?

Do your customers & clients have changing requirements that need to be catered for?

Sign Up For Your Free Marketing Audit

Take the first step to marketing success by signing up to receive your free copy of the Guerrilla Marketing Manifesto Situational Analysis audit tool.

Go to **www.EntrepreneurMarketingBlog.com** and just enter your name and email address and the audit tool will be sent straight to you.

Take Action Today To Grow Your Business

Sign up for one of our marketing coaching, training or consultancy programmes.

Become skilled at aiming marketing messages to a target audience interested in buying your products & services.

From this point onwards you will never waste time on those who will never buy from you.

Marketing Help Needed!

- Where do I start?

- Where can I get help that I can afford?

-Contact the Entrepreneur Marketing Academy

Find out how to:

- Highlight the key benefits of your products/services
- Beat your competitors hands down in your niche
- Demonstrate that you are a leading expert in your field
- Use low/no cost, high impact marketing techniques
- Embrace the web and utilise powerful online promotional tools
- Stand out in a crowded market place

www.entrepreneurmarketingblog.com

Tel 0845 652 5572 Web: www.EntrepreneurMarketingBlog.com

Marketing Programmes Guerrilla Marketing Coaching Marketing Consultancy

A government created monopoly

Bill Midgley, past president of the British Chambers of Commerce, tells Business Today why skills at the heart of governments are so essential

Most of us are of the belief that we are in the middle of a recession, or more hopefully in the emergence from such a downturn. To those of us who have to make our living from the private sector the priority is the protection and continuation of our jobs and businesses, either as employer or employee. At such a time it is almost beyond belief that a group of workers can decide that they do not wish to work on a Sunday, even at pay rates of double time, and considerably inconvenience a great many people.

The reason that this is possible is that those involved know their jobs will still exist tomorrow as they work in what is a government created monopoly. No excuse for such action but I do doubt that we would have seen a similar situation if such employees had been part of a true private sector workforce having to compete for its business. The situation is hardly helped by a government, or its so-called regulatory body, which stands idly by and agrees that such employees, and their employer have this right. If governments are to set up monopolies they have to ensure that they can safeguard and protect the provision of services and impose large penalties for such a failure to do so.

The unwillingness of government, much of which takes Sundays off, to act highlights what we have seen in other areas of the economy and public life in that they do have the knowledge or skills to control that for which they are responsible. The banks and the City have demonstrated this in particular in recent months as they have continued, to a large extent, their own agendas irrespective of the large amount of public funding that have enjoyed to ensure their continued existence. Whilst I would agree that those financial institutions who, mainly as a result of their own greed, found themselves in difficulties should be saved the major shareholder, i.e. the Government using our money, should be dictating policy and not complaining at the lack of finance for business. Again an inability to understand how our financial systems work or to match the skills of those in the financial sector.

"Lawyers and teachers may be well represented at Westminster but government has a far wider remit than these areas."

Such a shortfall of first hand experience manifests itself in other areas of government. The only member of the Government who has served in the Armed Forces has recently resigned his post at a time when we are still fighting one war and extracating ourselves from another. Lawyers and teachers may be well represented at Westminster but government has a far wider remit than these areas.

Many of our MPs now follow a familiar pattern of university, political assistant and subsequently election. No experience outside of education or political training and certainly no knowledge or hands on experience of the wider world other than indoctrination. It is hardly surprising, therefore that we have so many Ministers who fail! But perhaps this is not only a Westminster problem. A similar position appears to exist at more local levels where policies are decided without the skills required to appreciate the result of such decisions. Many of these decisions, admittedly, follow the dictate of Westminster and Whitehall, but do not always reflect what may be the best for the region. Critcism of central control is muted and acquiescence is far too often the order of the day.

Many other countries include in their government's skills those to match the challenges of the day. Usually by importing talent, not on an elected basis, but nevertheless as part of government to ensure an understanding of the particular responsibilities and outcomes of power. It happens in Europe, it happens in the USA, it has not happened in th UK since the administrations of Harold Wilson.

It will no doubt be argued that this is the role of the House of Lords, and some attempts, albeit with little success, have been made. The Lords however is far too often a repository for the failed or for those deemed worthy of reward. It is skills at the heart of government, national, regional, and local that will ensure that there is accountability and a recognition of when we, the public, are being short changed.

If democracy is government of the people, for the people, by the people, perhaps we need to see more of the latter and then the trains might run on Sundays.

SMEs: the engine that drives the economy

Philip Smith column

With France, Germany and Japan coming out of recession (funny that, seeing as we have been told for the past year how the UK was best placed to ride out the storm), recent news that our levels of unemployment are at their worst for over a decade, and looking likely to rise still further, leaves me wondering if we shouldn't be giving the UK economy another shot in the arm to stimulate recovery

The cost of not doing so could be substantial. Job Seekers Allowance aside, the financial impact of this increasingly idle workforce has been spelt out in no uncertain terms by the public sector watchdog, the Audit Commission, which says an increase in drug addiction, alcoholism and domestic violence – a by-product of rising unemployment – will stretch council funds.

So what's this all got to do with small and medium sized businesses? A lot, actually. Few doubt that SMEs are the engine that drives the economy. There are an estimated 4.7m SMEs in the UK, accounting for 99.9 per cent of all businesses. They employ 59 per cent of the private sector workforce and are responsible for 52 per cent of total business turnover. SMEs are critical to our success, it's just that the big name corporates are the ones that grab all the headlines.

So, if the UK is to follow its European neighbours back to the good times, and if we are to benefit from the skills and experience of those otherwise hardworking and conscientious people currently languishing at the Jobcentre, this is what the Government should do:

First, make banks lend again to small and medium-sized businesses. Leaving aside the fact that taxpayers own a large chunk of many banks, there is a groundswell of opinion – led by the Twittering and Blogging brigade – which is demanding a greater level of accountability.

A CBI survey shows that, for small businesses, getting access to cash is actually becoming harder not easier. The only businesses really seeing any improvement in availability of funds were those with more than 5,000 staff leaving smaller companies still suffering.

Second, reintroduce the lower threshold at which businesses become eligible for corporation tax. If the first £10,000 of profit was tax free, the impact on cashflow and overall viability of a business would increase. So too would job security for those already in work and more vacancies for those looking for employment.

"But we do need a bit of self help here."

The lost tax revenues would be offset by the reduced demand on the welfare state from still more seeking benefit. While the Treasury is looking at tax issues, how about giving a bit more flexibility when it comes to paying VAT? So often I hear of the cashflow pressures imposed on SMEs by having to pay VAT every quarter – without fail. Sometimes the cash just hasn't arrived in from the customers.

Finally, provide assistance to SMEs looking to hang on to staff. The Forum of Private Business (FPB) says that, in addition to a new £2,500 subsidy for taking on and training workers unemployed for at least six months, the Government should provide help to businesses struggling to retain their existing staff.

"Modifying the Working Tax Credit scheme to support shorter working hours and freezing planned increases in employment costs would allow businesses to limit the redundancies they are forced to make," says the FPB.

But we do need a bit of self help here. If the downturn has taught us one thing it's that businesses need to sharpen their act a bit – up their game when it comes to customer service. No matter how much help and support is offered businesses basically flourish or flounder on the basis of their ability to meet their customers' needs.

The businesses which survive in the next few months will be those who deliver what and when they say they will. "We are all customers," one managing director of an IT networks support firm recently told me. "We should offer the levels of service we expect ourselves." Recession or not, there is no room for complacency.

Philip Smith currently writes on small and medium sized businesses for *The Daily Telegraph*. He is also a former contributor to *The Sunday Times*.

Poacher turns gamekeeper

Brett Mathews meets communications industry leader Phil Hall, the former News of the World editor who has carved out a career in top level public relations

Phil Hall has had some thankless tasks during his time as a public relations man. Not so long ago he was making a valiant attempt to put across Heather Mills' side of the story to a largely unsympathetic public. It was an uphill battle to say the least given that, at the time, she was going through a messy divorce with Sir Paul McCartney who, as Hall points out, "is up there with the Queen Mother in terms of public popularity".

And now Hall, who some might say is a glutton for punishment, is representing Sir Fred Goodwin (you know the one - him who, all on his own you must remember, caused the world banking crisis and put the world economy on the brink of the next Great Depression).

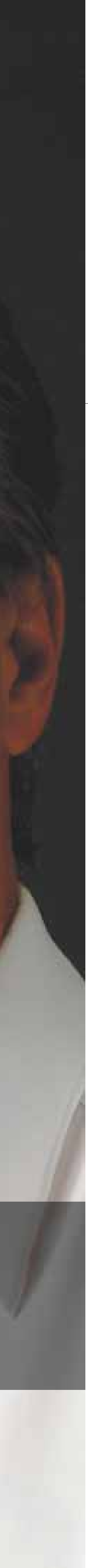
I'll come to Mills later. But first to Goodwin, an interesting character, not least because he seems to have become the whipping boy, the scapegoat for all that was wrong with British corporate life during the years of excess. Goodwin, formerly chief executive of the Royal Bank of Scotland (RBS), presided over its fall and eventual nationalisation. The papers hounded him, dubbing him Fred the Shred. He didn't deserve it, although at the same time a touch more humility and graciousness probably wouldn't have done him any harm.

Thinking about it, we haven't heard much of Goodwin lately, evidence, one might suggest, that Hall and his team at Phil Hall Associates are doing a good job.

So how, exactly, do you fend off the press when one of your clients happens to be Public Enemy Number One? Hall says: "The main thing I have been doing is trying to manage the media, to reason with them and make them see sense. This guy has been stalked by the media, he has had people turning up at his house, his kids had to live abroad and miss schooling. And yet he has done nothing wrong, nothing criminal apart from make one bad business judgement. The rest of his career has been littered with accolades. Others performed far worse than he did.

"I am also managing when we speak to the press. We have had offers from the likes of Trevor McDonald and Jeremy Paxman for interviews."

Would a clear the air, put my side of the story not make things easier, I suggest? "I see what you are saying but the trouble is, once you do the long feature it opens the floodgates. By doing nothing, the media get the message that he is not going to speak, he is keeping his head down and getting on with his life."



"If you have the right people around you as a business, you can handle any media crisis. It is all about getting some perspective on things."

Hall is angry at the way the media have treated Goodwin and, indeed, bankers generally, with their sensationalist headlines and moral outrage. "The media reaction at the moment is just way out of perspective," he says.

I put it to him that this may sound a bit rich coming from a former *News of the World* editor, however, he is unequivocal about his time at Murdoch's top selling Sunday paper. "I am very proud of my time there. We helped to jail over 100 people in my five years as editor. We used it for proper purposes. While we did plenty of showbiz stories, we balanced that by championing very worthy causes. We won seven awards and, more generally, we weighed up every story very carefully."

Phil spent five years as editor of the *News of the World* before moving to *Hello!* magazine as editor in chief. Since then he has made the natural career progression into the world of PR, establishing the hugely successful Phil Hall Associates which advises businesses, as well as the rich and famous, on how to get their names in (or keep them out as the case may be) the papers.

He was urged to start Phil Hall Associates by Heather Mills and Sir Paul McCartney who, at the time, were friends of his before they had gone through their acrimonious divorce. The company now has 26 staff and, as well as corporate clients, represents names such as Duncan Bannatyne and Carlos Teves. It undertakes all aspects of PR, with much of it centred on managing the profile of well-known figures or, for businesses, raising their profile in the national press. Naturally for a former leading light in Fleet Street, Hall's contacts book is impressive to say the least. He has great relationships with most of the national editors who, he believes, appreciate the fact that he is always straight down the line.

Asked about his biggest challenge as a client, Hall comes back to Heather Mills. Hall represented Mills right up until the day before her ill-fated visit to the GMTV studios. "I quit the day before that interview," he says. "I knew she was going to combust and begged her not to do it."

Mills did combust. She came across as melodramatic, false and slightly unhinged. Yet, on balance, Hall thinks she has been unfairly portrayed despite not really doing herself any favours. "No matter what the reality and truth of the situation with Sir Paul, she was getting attacked from all sides. People think she is a gold digger and yet she has the child of Sir Paul McCartney, one of the country's richest men. I mean, what is she supposed to do, live in a two-up, two-down?"

Although, at first glance, the worlds of showbiz and corporate PR may seem a million miles apart, on closer inspection it becomes clear they have a great deal in common. The situation may change, the public exposure might not

▸▸▸

To watch a video about Phil Hall and
Phil Hall Associates go to: www.ukbusiness-today.co.uk

The bottom line is that the client has the last word

> "I think the other important thing is that the communications guy has to be at the top table in the company. They have to know the whole story as that is the only way to fight a crisis in the media."

◄◄◄

always be on as grand a scale but the essential rules remain the same. For Mills putting her foot in it big time on prime time TV simply substitutes the company CEO making a crass comment about director bonuses, the kind of comment which suggests he or she fails to occupy the same world as you or I.

Asked about the biggest mistakes he sees businesses make when it comes to PR, Hall says: "They panic. If you have the right people around you as a business, you can handle any media crisis. It is all about getting some perspective on things. What seems like a nightmare and the end of the world on the Monday has usually passed over by Friday.

"I think the other important thing is that the communications guy has to be at the top table in the company. They have to know the whole story as that is the only way to fight a crisis in the media. And beware of making No Comment. That usually looks like an admission of guilt."

Hall's success, I would hazard a guess, is because he has a fairly stoical outlook about his trade generally. He knows that PR has its limitations and that there is only so much he and his profession can do. One gets the impression talking to him that he doesn't lose too much sleep about his work. "The bottom line is that the client has the last word. You can't make them do anything."

Indeed. This final comment is worth thinking about. Many businesses are only now waking up to the reality that the way their company portrays itself, the impression it creates with the media can make or break it. Having spent many years in the industry I have witnessed all too often a PR representative making a call on the behest of a business owner - a call which they know to be wrong but which they have no choice but to follow.

Many businesses still view the world of PR with scepticism. They think they know best. My advice to them is this: make PR a priority, bring on board somebody you trust, somebody with experience, somebody who can remain calm under pressure. And then trust them to make the right PR calls for your business.

Somebody like Phil Hall would be a pretty good way to go.

link2

www.link2portal.com

link2

The Link2 portals

The Link2 portals are a series of new web resources that gather content from key business sectors placing crucial market intelligence and business contacts at your fingertips by featuring easy to access directories, the latest digital publications and online video content.

The Link2 feeds

Link2 has up to the minute feeds of sector news from home and abroad making each portal an essential tool to monitor and understand the demands of fast changing markets. So whether you are a supplier wishing to advertise or a purchaser wishing to research the very best in the market, Link2 places you at the heart of communities with shared interests in your specialist field.

We bring business together

For information please
email: link2@tenalps.com
or call: 01625 613000

TEN ALPS PUBLISHING

Shaving KING

Mark Lane meets entrepreneur Will King, and tells the remarkable story of his King of Shaves brand

Back in 1993, Will King, founder and CEO of internationally renowned shaving company, King of Shaves, spent two weeks hand-filling 10,000 bottles of the shaving oil he had developed over the kitchen sink at his flat. It wasn't the most glamorous of jobs but speak to any top entrepreneur and they will nearly always have a similar tale to tell. Stories of how they begged and borrowed from friends and family, of how they worked 18 hours a day, went without holidays and sacrificed more or less everything. And the reason for this? They believed 100 per cent in their product.

These days King gets somebody else to fill his bottles for him, which is hardly surprising given that literally millions of them fly off the shelves of retail outlets each year. "King of Shaves sell a product, at a profit, every few of seconds," he says. How good that must make you feel one can only imagine.

King founded KMI (short for Knowledge & Merchandising Inc. Ltd.) in 1993 and launched King of Shaves under umbrella company KMI. Since that time KMI has evolved into the UK's largest owner or licenser of premium mass FMCG toiletries and fine fragrance brands of which King of Shaves shaving 'software' was the first. KMI employs around 50 people, from offices in Chesham in the UK and New York in the USA.

His entry into the closed shop that is the world of shaving products came almost by chance. He had always suffered from sensitive skin and, after graduating from university and working in various jobs for a few years as well as a few relatively low key business ventures, he looked into the idea of developing a shaving gel that would not irritate sensitive skin.

"At the time I had never enjoyed shaving as I'd always had sensitive skin," he says. "I decided to set about developing my own product, something that wouldn't gunk up the razor."

It was a brave move when one considers the market. Gillette, obviously, were completely dominant while the likes of Palmolive were also hugely successful. Such businesses had massive marketing

To watch a Will King talking on innovative strategies for small businesses go to: www.ukbusiness-today.co.uk

budgets and great brand recognition. Moreover, King was starting at a time when there was no internet. All his research, all his marketing, was labour intensive. He spent days on end at the local library, researching product formulas, rules about patents and legal issues. He had to find out who all the major buyers were, he sent them letters and samples.

It's telling about King that he has never forgotten just how valuable the local library was to the success of his business. Earlier this year King gave a talk about his experiences as an entrepreneur at the British Library's Business & IP Centre which sits at the heart of London's SME community, every year helping thousands of aspiring entrepreneurs from across the capital turn that initial spark of inspiration into a successful business - www.bl.uk/bipc.

King was delighted to speak at the event and, ironically, talked to his audience about how entrepreneurs can maximise tight marketing budgets in the current climate.

Getting back to his story, King says a major milestone came almost by chance. "Eventually, I managed to get hold of Mohamed Al Fayed's private fax number and faxed him details of my product," he says. "I got a faxed order back for 25 products and King of Shaves launched in Harrods in 1993."

The order, though small, was the start of something very big. King, with his natural sales and marketing skills and determined, never-say-die attitude, soon got a listing in Boots. The business was taking flight.

"Around this time, a lot of things started to happen," he says. "This was the era of men's magazines - the Loaded, Maxim, FHM and so on where they did product reviews. We started to generate PR for the business and our products became popular through word of mouth."

Rather smartly, King sold ten per cent of the business in order to fund its PR activities. Although he has never worked in the PR industry, he seems to have a real instinct for it, a natural understanding of the power that it can play in developing a fledgling business. As he very astutely points out, "The real competitor for us at that time was a lack of awareness of our products."

King has also been very smart when it comes to use of the internet. He bought the domain shave.com for the bargain-of-the-century price of $35 in 1995. His firm became the first toiletries business to go online and has continued to embrace the internet ever since. King is a regular contributor to the blogging community as well as being a frequent Tweeter. He is comfortable with social media, perhaps because he has always seen his as being a slightly maverick company, an upstart that has come along and rocked the boat in what had hitherto been a monopoly. Virgin in the 1980s is an obvious comparison.

So where is King of Shaves these days? Well the business has grown increasingly rapidly since the late 1990s. King of Shaves is now the second selling shaving preps brand in the UK after Gillette, which is a remarkable achievement from a standing start. King has shown that it is possible to break into a very competitive market, one with high barriers to entry, simply by working hard and having belief in your products.

The brand is now branching out further and further, launching a men's razor in June 2008 – the Azor. Following the success of this product King has also launched limited edition variation and a women's razor called the Azure.

This final development was hugely important for the business and, in many ways, a symbolic move. "The Azor has been launched at £4.99 whereas Gillette's rival product is £9.99. In just twelve months we have pulled in about ten per cent of market share and are aiming to be number one by volume by the end of the year," king says.

In many ways, the launch of the Azor has been perfectly timed. In these increasingly austere times, people are happy to look at alternative, cheaper options to "the best a man can get." The King of Shaves Azor is plugging an obvious gap in the market. "People simply haven't realised that, until now, the industry has been a monopoly, dominated by Gillette," King says. So no chance of selling out to Gillette then? "It's unlikely," he tells me.

Visit the King of Shaves website (*shave.com*) and there is a slightly quirky edge to it, the impression of a company that doesn't take itself too seriously, of a company that is having great fun - while developing great products.

Fun aside, King is deadly serious when I ask him about his ambitions for the future. "It is now a question of developing the King of Shaves brand through better, more relevant products over the coming years. We will be looking at a Stock Market flotation around 2012/2013 when we should be valued at around £100m."

See: www.inspiringentrepreneurswebcast.co.uk

To read Will King's top five tips for marketing on a shoestring go to: www.ukbusiness-today.co.uk

talking point

Changes to the training regime for first aiders in the workplace

From 1 October 2009 HSE is introducing new arrangements to the first aid training regime

This does not involve any change to the First aid at work regulations, but in order to comply with regulation 3(2)(a), first aiders provided by an employer in the workplace for the purpose of the regulatory requirements must hold a certificate of competence in either:

- first aid at work (FAW) – this has been reduced from a four-day course to a three-day course, and the certificate of competence will be issued by a training organisation approved by HSE; or
- emergency first aid at work (EFAW) – this is a one-day course, and the certificate of competence will be issued by a training organisation approved by HSE or a recognised Awarding Body of Ofqual/Scottish Qualifications Authority eligible to award an accredited qualification in EFAW, applying a training standard set by HSE.

Up to 1 October 2009, first aiders provided by an employer must have undergone such training as HSE may approve from time to time. However, although employers are strongly advised to consider the need for emergency first aid training for appointed persons, HSE approval has not been required for this type of training.

EFAW training enables a first aider to give emergency first aid to someone who is injured or becomes ill at work. FAW training includes EFAW and also equips the first aider to apply first aid to a range of specific injuries and illnesses. Employers should use the findings of their first aid needs assessment to help them decide whether first aiders should be trained in FAW or EFAW. If the workplace requires FAW trained first aiders to be provided, it will not be an acceptable alternative to provide EFAW trained first aiders.

For further information, contact HSE Infoline on: 0845 345 0055

HSE's guidance in the following publications is being revised for publication on 1 October 2009 to incorporate the changes to first aid training:

- L74 – First aid at work: Approved Code of Practice and Guidance
- INDG 214 – First aid at work: your questions answered

Both will be available from:

company profile

Act now to comply with new regulations

First aid often prevents minor injuries or illnesses becoming major ones and in some cases is even the difference between life and death

Health and Safety (first aid) Regulations affect every single worker in the UK, so in today's fast paced and ever more regulated business environment it is surprising this legislation has remained untouched for the past quarter of a century.

On 1 October that will change. The Health and Safety Executive announced earlier this year that from 1 October a new training regime for first aid at work will come in to effect.

WHAT DOES THIS MEAN?

Happily for many businesses, this will mean the amount of time staff spend out of the workplace is reduced. The four-day first aid at work course will be shortened to three days. The content of the training will be much the same but revision of first aid protocols, such as CPR, and advancement in teaching methods allows the sessions to be streamlined.

For lower risk sectors, like offices and shops, a second tier of first aider will be introduced with the launch of a new one-day course. The new emergency first aid at work course will allow attendees to gain an HSE accredited certificate in first aid in just one day. Current one day training on Appointed Person's courses is not regulated by the HSE and qualifications on this course are, therefore, not accredited.

WHICH COURSE DO I NEED?

Deciding which course is for you largely depends on your risk assessment. This should take into account accident history, number of sites, number of employees and industry sector.

As well as the mandatory course every three years, the HSE strongly recommend refreshing your skills once a year by completing an Annual Update. Luckily, most people don't need to use their first aid skills often but this means that knowledge and confidence deteriorate. Keeping your skills up to date offers the best chance of being able to help a colleague if they become ill or suffer an accident. Yet, as Anna McManus of the British Red Cross explains, there are other benefits associated with first aid training as well:

"Ensuring that your employees learn first aid is so much more than just complying with your health and safety obligations. Encouraging people to learn a life saving skill shows your commitment to the employee and also to the well being of your whole team."

BritishRedCross

£1,

cash back on your new recruit

Jobcentre Plus is now offering you £1,000 whenever you recruit someone who has been claiming Jobseeker's Allowance for six months or more.

To qualify, the new employee simply needs to work an average of 16 hours per week for a minimum 26 week period. However many people you're recruiting this year, the process of making a claim is quick and easy.

In-work training, worth up to £1,500, may also be available through our partners to help you get the most from your new recruits and your current employees.

Don't miss out. For more information visit:

www.jobcentreplus.gov.uk/£1000

jobcentreplus

Real help for businesses now

HM Government

Backing Young Britain

Over 200 employers are supporting the Government's Backing Young Britain campaign to create employment opportunities for young people, including internships for recent graduates

THE GOVERNMENT HAS LAUNCHED its Backing Young Britain campaign to create new opportunities for young people during the recession, and already over 200 British employers have thrown their weight behind it.

As part of the campaign, the Government and employers are pledging an extra 85,000 opportunities for graduates and nongraduates under 25, and employers already committed to the initiative include Morrisons, Centrica, Carillion, Royal Mail, Microsoft, Bovis Lendlease, Pfizer and Phones4U.

Backing Young Britain means that if young people are job ready, they will be helped into a job, with a financial incentive like the £1,000 Recruitment Subsidy to employers who take them on. If they are not, they will get the training they need and then be helped to find work.

MATCHING TALENT

The Department for Business, Innovation and Skills' Graduate Talent Pool (www.bis.gov.uk/graduatetalentpool) is part of the Backing Young Britain initiative. The Graduate Talent Pool is an online service to help match employers looking for interns with graduates seeking work experience. The Graduate Talent Pool scheme aims to help graduates kick-start their careers by gaining skills and experience, and it's a great way to inject fresh talent into the workplace.

More than 700 organisations have so far registered online, including Network Rail, the Department for Work and Pensions, Framestore and Carillion, and nearly 7,000 vacancies have been advertised on the Graduate Talent Pool website since its launch at the end of July.

The Minister of State for Higher Education, David Lammy, says: "A degree is one of the best pathways to achieving a good job and rewarding career, however nobody is immune from the current economic climate, which is why we are committed to providing graduates with the support to help them gain employment or further their education."

FRESH IDEAS

Easy access to a diverse and dynamic workforce means saving on future recruitment costs and bringing in fresh talent. In a recent survey by the Department for Business, Innovation and Skills, 64 per cent of businesses agreed that interns can make a real contribution to businesses, while 70 per cent said it offered them the chance to assess the skills of potential employees. On the Graduate Talent Pool's website, companies and organisations can post details of the internships, and graduates can register for a placement.

VALUE FOR MONEY

The Graduate Talent Pool will encourage employers to pay a wage that reflects both the value of the intern's contribution and the level of training and support offered by the employer, although some employers may wish to offer unpaid internships. It will be for graduates to decide whether to take up such offers.

Graduates already receiving Jobseeker's Allowance for 6 months or more will be able to do an internship for up to 13 weeks alongside claiming an allowance and looking for work. Where an employer has a specific job vacancy, Work Trials for a maximum of 30 days will also be available for graduates unemployed for 6 months or more and recruited through Jobcentre Plus.

Employers will need to consider what they need the graduate to do, because the new recruit could become a permanent employee in the future. It is important to be clear about the objectives of the job a graduate will be doing, whether it's a task requiring specialist knowledge or a project that's been delayed due to a lack of resources, and to put them through the same selection process as any other prospective employee. This will ensure both parties have a clear idea of expectations from the beginning, and will help in the recruitment of the right candidate.

To pledge your support visit www.hmg.gov.uk/backingyoungbritain

"The Graduate Talent Pool scheme aims to help graduates kick-start their careers by gaining skills and experience, and it's a great way to inject fresh talent into the workplace."

Are WOMEN gett

Brett Mathews investigates the issues surrounding 'Women in Business'

Recent years have seen a raft of family-friendly working measures introduced, the aim being to make it easier for men and women to balance home and working life while, at the same time, offering women the chance to compete on a more level playing field with men in UK corporate life.

But have these measures worked? And, more pertinently, is the lack of women in senior positions in the boardrooms of the City due to the difficulty that women find balancing busy family life with long working hours or are there deeper, cultural issues at play?

I speak to many successful female entrepreneurs during the course of my working week. The majority, when asked off the record, will tell me they disagree with the idea that legislation needs to be skewed to try and help women generally progress their careers.

Yet the evidence suggests otherwise. Professor Sharon Mavin is an associate dean, research, at Newcastle Business School, Northumbria University. She says: "There has been progress since Harriet Harman initiated the female FTSE index ten years ago - female directors in the FTSE 100 increased from 6.9 per cent in 1999 to 11.7 per cent in 2008.

"However, progress is not fast enough. British boardrooms still represent the glass penthouse for women. Here lies a major contradiction in our society. Women represent over half the UK workforce and over half of graduates. Women make the majority of consumer spending decisions which underpin our economy and yet still do not have appropriate representation in running UK companies.

"The current debate of whether the financial crisis would have happened if there had been more women executives of financial companies has progressed to include whether having women on the board adds financial performance to a company's bottom line. Why do we need to prove the governance and financial added-value to having women on the boards of UK companies? Is it the only way to influence change in the UK's men-only corporate culture - persuade men to give up power and 'allow' women into play?

"Frankly the lack of women in UK boardrooms represents institutionalised sexism at company and national level. The same explanations are used - mostly it’s women's fault: children, work-life balance, lack of senior/director experience, not strategic enough, women don't apply etc - and little changes."

While it is easy to find stats to support such an argument, the Government would argue that things are changing thanks to flexible working and other family-friendly legislation. That said, many people I spoke to on this issue were sceptical about the idea of trying to legislate against what are broader, societal issues.

Antonia Chitty is the author of *Family Friendly Working* and *The Mumpreneur* Guide (see *www.familyfriendlyworking.co.uk*). She says: "Current flexible working legislation is not yet doing the job it needs to do for working mums and dads. Through *Family Friendly Working* I monitor the constant flow of talented and creative parents who are quitting employment and starting their own businesses because employers don't offer the sort of flexible working that they need.

"This is down to a number of factors. Firstly, not all employees are aware of their rights, and not all employers understand their duty to take an employee's request for flexible working seriously.

"Secondly, many employers look on a request for flexible working as a problem rather than an opportunity. Instead of relying on one person working nine to five, they could have a pool of skilled individuals working a range of hours, which has immediate benefits for holiday cover.

ing a fair deal?

"Thirdly, there is the issue of gender inequality. I suspect that many men are still deterred from asking for flexible working because of a work culture which informally penalises part-timers and views anyone who is open about balancing home responsibilities with work as less committed to their career."

Chitty's final words really get to the crux of the issue. Many offices still possess a macho culture where long hours are perceived as the norm and, indeed, the only sure-fire way to get ahead. Lisa Wynn, director and executive coach at Corporate Potential, works with many women who are trying to balance busy working and home lives. She sees first hands the complex issues they are wrestling with.

Lisa tells me: "What women in the workplace tell me falls into two categories: women working in small professional businesses such as law firms for instance and women in corporations.

"In the former it doesn't seem to be working from my experience. One client is an employment law solicitor and knows in detail the ins and outs of the new legislation but daren't ask for it to be applied to her because the male partners would never accept her moving forwards. Decisions would go against her and she would be ostracised.

"In corporations it is a bit better - mostly though it seems to be better when there is a male role model who insists on a work life balance himself. The other people in his department are then more likely to feel it is okay for them to take a more balanced approach to family.

"I would say that role models are the most important thing here - women are not happy to be seen to be making demands and therefore keep quiet."

Interestingly, most people I spoke to mentioned the idea of role models, whether that be female role models who have shown what can be achieved or male role models who run businesses where asking for part time or family friendly hours is culturally acceptable. The problem with role models, however, is that they happen by chance. Hence the legislation might be there to help women (and men) yet, in many cases, people won't dare use it unless they happen - by chance - to have a supportive role model.

Margaret Manning is CEO of the Reading Room, a highly respected business in the digital communications arena. She developed the business while raising a family and is of the opinion that, if women are prepared to work hard enough then they don't necessarily need a leg up on the career ladder.

She says: "Legislation, particularly flexible working legislation, will help women return to work after having a family. What it won't do is make any difference to the number women who succeed in rising to senior levels in those businesses.

"To be a senior executive in a business then you need to undertake a role of a senior executive, there is an economic imperative that you are the very best for the role. You also need to be accepted as part of a senior team. Legislation on flexible working won't impact on the economic imperative and will seriously detract from ready acceptance. Of course women have to work hard and prove themselves on merit - as do men."

For Margaret, once again it comes back to role models. She says: "The missing link is the number of women already in senior positions who can act both as role models and will be more likely to recruit in their likeness. The only legislation that I can envisage working to create more positions for senior women is the non executive quota system adopted in Norway. It's made an immediate impact, it's proven to work for the businesses and it creates women role models and mentors."

There are also other possible changes to the law which might help women. Professor Sharon Mavin says: "As the Female FTSE Report recommends, UK plc could require advertising of all directorships; consultants to be rewarded for building relationships with potential women directors; companies to set gender targets reported in annual reports and recapitalised banks to give consideration to women for new board positions."

In the end, however, legislation can only do so much. The phrase used by Margaret Manning was "economic imperative," which I think is very telling. It's hard to imagine a successful business making a decision that is based on anything other than hard business logic. In other words, they will always take the best man - or woman - for the job. Where the problem lies, however, is that there is a high chance that a women will need time off to start a family. Business owners, no matter what they might say in public, are acutely aware of this in private; it has an influence on their thinking.

The good news for ambitious women, however, is that changes to technology may be swinging the pendulum in their favour. Ben Black is a director of My Family Care which provides solutions that allow employees to manage their family care responsibilities with their work commitments.

He says: "Today compared to ten years ago the commercial case for supporting your working mothers is far, far easier to make. Blackberries, internet, mobiles and home offices mean that flexible working is a reality. The people that benefit most from flexible working are those with care commitments - often working mothers. You can work a very successful three day a week if you are still able to send urgent emails /respond outside the strict three days."

Ben finishes by making a crucial point: "A good number of employers now have a genuine commitment to supporting their working parents. They have a genuine commitment because it makes commercial sense - no one does it out of the good of their heart."

Go to: www.ukbusiness-today.co.uk to read Lisa Wynn's (pictured below) opinion on whether women can "have it all"

Your Ideas – the value inside…

Every business generates some form of Intellectual Property. But what do you own and how can you best protect it?

With the advent of the internet and increased global trading, many businesses are vulnerable to a competitor stealing their ideas, or copying their brand. Many have little idea how to protect their valuable intellectual assets or even realise they have any.

Small businesses in particular often assume that Intellectual Property is not relevant to them and is far too costly and time consuming to consider. But this isn't the case. Every business will have a brand or trading name which they could protect as a Trade Mark, or a website which holds content that is Copyright.

Raising awareness

As part of its drive to raise awareness of IP to business the Intellectual Property Office, the government body responsible for IP in the UK, runs and attends events across the UK.
But to help them reach more businesses it has recently launched a free online diagnostic tool hosted on its website called the **IP Healthcheck**.

Unlock your hidden value

The IP Healthcheck online tool is essentially a step by step questionnaire intended to help you identify the types of intellectual property you own and might be worth protecting.
It guides you through all four elements of IP; Patents, Trade Marks, Designs and Copyright, and gives you helpful tips and advice along the way.

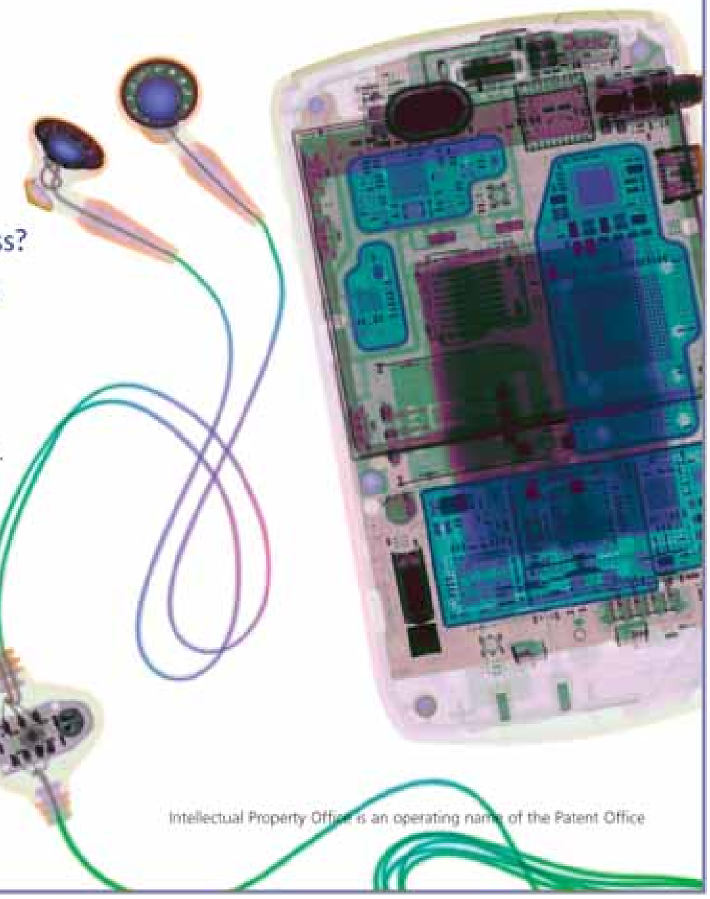
It will help you find out;

- If you have IP to protect;
- Whether you own it and, if you don't, who does;
- How to protect it, and whether you should;
- How you can exploit it commercially.

The online tool is now available at www.ipo.gov.uk/iphealthcheck or you can ring the IPO Enquiry Unit on **08459 500 505** to find out more.

Need more help?

The Intellectual Property Office has a wealth of free advice on Patents, Designs, Trade Marks and Copyright. Just phone our Enquiry Unit on **08459 500 505** or access our website at **www.ipo.gov.uk**



Debt versus EQUITY

Ricky Sidhu offers his advice to start up companies on the issue of raising finance

When trying to raise funds there are arguably a number of factors that will influence the type of finance a company chooses.

There are usually two main options available to a company. One is to borrow money (debt) and the other is to issue shares to investors (equity). Some companies choose to combine both.

Each option has its advantages and disadvantages. Those, and a variety of other factors, will determine a start up's choice of finance.

GENERAL COMMERCIAL CONSIDERATIONS

- **Borrowing restrictions:** A company's Articles of Association may contain provisions restricting its ability to borrow. Further, there may be restrictions in the terms of existing loan agreements.
- **Level of gearing:** A company's ratio of debt finance to equity finance is referred to as "gearing". If a company is highly geared (it is financed significantly more by debt than equity) an issue of shares may be the only way to raise finance.
- **Cash flow:** Start ups invariably find it difficult to make regular loan repayments when they have just found their feet and are maybe suffering from an irregular cash flow. Further, cash must be generated and earmarked for the repayment of the loan itself. This could be cash the company would need available for the daily running of its business. Alternatively, with equity finance, the cash flow that would have been used to repay the loan, can be freed up and used elsewhere.
- **Availability:** The company will need to find lenders who are prepared to lend them the money. Some companies may also find difficulty in obtaining equity investment and will require a sound and convincing business plan.

TAX

Debt and equity are accounted for differently. Each has a different impact on earnings, cash flow and tax.

Generally, unlike dividends, interest payments attached to a loan are tax deductible from profits, so borrowing is often attractive to companies looking at a tax efficient way of raising finance.

COST

Assuming a company finds a lender willing to lend it money, what will the cost of borrowing be? The main factor to look at, when establishing the cost of debt, is the rate of interest being offered.

The cost of equity is slightly harder to calculate but can be done by reference to the returns shareholders can expect such as dividends or capital appreciation. These returns are costs to existing shareholders whose future dividends and growth will be diluted.

LOOKS

Debt repayments will be made before payments to equity investors. In other words, a company must pay its regular loan repayment first and then, if any money remains available to be distributed from profits, that can be paid out by way of dividend for example. It follows that if a company has a high level of debt finance, and as such a relatively large loan repayment obligation, this will have an impact on the appeal of the business to new investors.

OWNERSHIP AND CONTROL

- When borrowing money, the only obligation of the company is to repay the loan in accordance with the terms agreed upon. The lender does not have any ownership rights over the company or its underlying business. Debt will not dilute ownership of the company.
- Equity differs in that it represents an ownership stake in the company. Also, investors do not have a guaranteed return so they may seek greater security. Many investors will demand a level of input into the business and maybe even a seat on the board of directors. One of the major disadvantages to equity financing is the dilution of ownership interests and a possible loss of control.

There are a number of factors that a start up will be faced with when deciding how best to raise finance. In practice, most companies use a combination of debt and equity. Those companies vying for success, especially early on, will need to strike the right balance.

Ricky Sidhu, an associate at UK law firm Lester Aldridge
See: www.lester-aldridge.co.uk

Winning advantage through innovatio

Brett Mathews seeks expert opinion on the importance of innovation to the UK economy

As the financial and banking crisis has ripped through the UK, increasingly people have begun to question the make-up of our supposedly powerhouse economy. There have been suggestions that the UK economy is, in fact, flimsy and transient, an economy built on debt and fresh air. In fact I've lost count of the number of times I've heard people say: "Britain should get back to making things."

There are two things to say to this. The first is that the UK does make things. When I put word out that I was writing something on innovation I was bombarded with emails from UK businesses that are making all manner of clever things. We can genuinely claim to have world-class status in making many things: precision engineered products, chemicals, pharmaceuticals, bio-technology-based products.

But do we make enough things or, put another way, are we innovative enough as a nation? Do our businesses spend enough on research and development (R&D) - and are they given enough incentives to do so? I recently put these and a number of other questions to some high profile names in the worlds of business and academia. The answers I received suggest that UK plc stands at a cross-roads right now, with the current shake-up of the world economy providing a genuine opportunity for UK businesses that are prepared to innovate and invest in long term R&D activities.

First of all, however, some context. The Management Consultancies Association released a report earlier this year called *Innovation – Protecting the UK's Competitiveness*. The report said the Government must act now to promote innovation in UK businesses in order to protect the UK's long-term competitiveness.

The report, based on a survey of consultants who work with more than 90 of the FTSE 100, found that nine out of 10 UK companies have cut their capital expenditure (a key measure of innovation) by up to 50 per cent - which averages out as a projected fall of almost £4bn in R&D spend in 2009. In addition, four out of five respondents believe the UK's long term competitiveness is being damaged by lack of investment – with nine out of 10 citing innovation as a crucial tool to mitigate the effects of the recession.

Over two thirds of respondents supported increased tax breaks for R&D and other capital investment as the most important step the Government could take to encourage innovation in business.

Alan Leaman, chief executive of the Management Consultancies Association told *Business Today*: "British businesses and the Government need to look beyond the immediate economic crisis. As soon as innovation stops, companies slip down the league table and start to lose customers and their drive. If companies are not able to innovate, they risk being unable to compete on the world stage. The Government needs to act now if it is serious about protecting the UK's long term competitiveness."

"Universities play an important role in providing innovation and this should not be understated."

To begin with, let's put aside the issue of Government support, tax breaks for R&D etc and ask the question, how innovative is the UK as a nation? One person who is brilliantly placed to provide informed insight in this area is, James Caan, a hugely successful entrepreneur and innovator himself and member of the panel on the BBC's Dragons' Den series.

James has a very positive take on the innovation debate. He told me: "We are, by nature, a nation full of innovators. Problem solving and creative thinking is in our DNA. However, too often we hide our full potential from ourselves – and the rest of the world.

"As Germany and France successfully forge paths out of the recession's gloomy mist, Britain has its own opportunity to invest in new and innovative products and services that will stimulate our economy and make Britain a better place to live.

"In this respect, the recession has delivered us a silver lining. The tough economic climate has persuaded many employees of struggling companies to strike out on their own. I've seen an almost threefold increase in new businesses wanting to pitch to me this year. And all this has been bolstered by the Government's many entrepreneurial incentive schemes that have been rushed through.

"Figures from 2002 placed our innovation fourth worldwide; behind the USA, Germany, and Finland. If the survey had been carried out today I seriously expect we'd move to second."

Most people I spoke to agreed that innovative economies are successful economies. So why are businesses - and I am talking here about big businesses in many cases - sometimes weary of investing in long term R&D? I put this issue to professor Mariana Mazzucato, of The Open University.

She said: "There is in fact ample evidence that the stock market often punishes firms for investing in expensive long term innovative projects, and that financial institutions do not always reward the most innovative, and productive firms. Understanding why this is, and how this differs between different countries, industries and different phases of the industries' life-cycles is key for designing EC financial and innovation policies which will better prepare European companies for the next crisis."

Another key factor in the innovation debate is the relationship between business and academia. Universities everywhere are increasingly forging closer links with business, with a growing willingness and determination to ensure that cutting edge laboratory work taking place can be commercialised by whatever means possible.

David McBeth is director of research and innovation at the University of Strathclyde. He said: "Successive Governments have recognised the potential contribution universities can make in providing innovation to UK businesses, aiding to their global competitiveness.

"The publication of the Lambert Review, independent research into business-university collaboration, in 2004 claimed the UK put too much emphasis on the economic benefits of companies created from university research rather than the benefits to be gained from a collaborative working relationship between the business community and higher education.

"Universities play an important role in providing innovation and this should not be understated. Creating and supporting successful partnerships between the higher education sector and public and private sectors is necessary in order for the UK's companies to remain competitive in today's global market."

But how can we ensure that the world class R&D work going on in our universities is relevant and beneficial to UK plc? David says: "In order to make the relationship work, universities need to dedicate their time to worthwhile, relevant research and target sectors of national economic importance. At the University of Strathclyde we ensure that our research teams are feeding directly into the thinking, if not always into the products and services, of the UK's most competitive companies for their economic benefit.

"Universities need to consider how they can contribute to the UK's economy. A strong partnership between higher education and business will mean Britain can remain competitive with other nations and, due to the strength of our university sector, we could be leaving some of our competitors behind."

Encouraging words indeed. To get a wider handle on this issue I spoke to the Intellectual Property Office to find out its take on the importance of innovation to the economy.

Robin Webb, innovation director at the Intellectual Property Office, stressed the importance of protecting one's inventions. He said: "Innovation is crucial to the future of our economy, ensuring we remain a market power bringing new ideas and inventions to life. It's vitally important the next generation are encouraged to innovate, as the UK has long been a country of inventors. Understanding intellectual property and the competitive edge it can offer is an invaluable weapon in the fight to protect businesses innovate ideas whether they are a new invention, a product, a process or an idea."

Robin pointed to some recent research carried out by the Intellectual Property Office which revealed that 70 per cent of business people think that, despite the recession, Britain is still competing with the rest of the world in terms of innovation and product development. The research also found that 84 per cent of British business people say that investing in innovation is crucial in order for businesses to succeed in the current climate.

Many businesses are tempted to cut budgets in long term projects right now while they concentrate on fire-fighting, yet those that follow this course of action could well be missing a trick. No business can afford to stand still, especially not in today's fiercely competitive global economy. Innovation, our experts all agreed, can enable a business to gain a distinctive long-term comparative advantage. As Thomas Edison once said to one of his charges: "There's a way to do it better—find it."

innovation

Go to: www.ukbusiness-today.co.uk to read Professor Mariana Mazzucato from the Open University discussing the relationship between innovation and company growth

Innovate to accumulate through KTP

In the current economic climate, many businesses will be thinking hard about which strategies might secure their survival to ensure they emerge from the downturn stronger than their competitors. More than ever businesses need to be considering innovative ways of reducing costs, improving efficiency and gaining a thorough understanding of their market-place

THE PROBLEM for many businesses, particularly within a tough environment, is knowing where to start. Many SMEs in particular have desires to innovate but have had little or no experience of the process.

One mechanism which can help businesses to undertake business process re-engineering, from improvements to the supply chain, creating efficiencies on the shop floor, identifying new markets or implementing improved business systems and processes is Knowledge Transfer Partnerships.

Knowledge Transfer Partnerships (KTP) support innovation-led, three-way partnerships between a business, which has a specific and strategic project, a knowledge base (an academic or research institution) that has skills relevant to the project, and a high calibre associate (a recently qualified person) who works in the business on the project, whilst being supported by the knowledge base. Projects are part funded by the Government and since April 2009 SMEs are now eligible for additional funding to help them take part. The projects can vary in length from one to three years (a classic KTP) and from 10-40 weeks (a shorter KTP), depending on the needs of the business and the desired outcomes.

Businesses who have undertaken KTPs range from very small or niche businesses to large multinational corporations. They also cover a range of issues and industry sectors.

The benefits of being involved in a KTP are broad and varied for the business but perhaps most critically, businesses will be able to develop innovative solutions to help them grow, increase competitive advantage and above all increase profitability. Business performance outputs vary considerably from case to case, given the variety and type of projects, but latest information shows that, on average, the business benefits that can be expected from a single KTP project (typical duration one to three years) are an increase of over £220,000 in annual profits before tax, the creation of three genuine new jobs and an increase in skills of existing staff.

One company to reap the rewards of innovation through KTP is vegetarian food producer Goodlife Food Ltd. The company wanted to undertake a targeted marketing strategy to improve its brand awareness and reach out to a wider consumer market. Prior to KTP the company had little consumer-base knowledge and therefore wanted to find a way to increase its market share.

Working with Manchester Metropolitan University Goodlife investigated target consumers and sector specific products that could be launched with a great emphasis being placed on the new branded products. The KTP was a great success and following the project's completion Goodlife identified a 60 per cent increase of exposure to new markets and a 40 per cent increase in sales. Two new staff have also been employed and a further 10 trained as a result of the positive changes within the business. Crucially, the Goodlife brand has been significantly enhanced through the

project. As a result of the KTP, the business is now seen as a key supplier in vegetarian produce to the retail industry and as category leaders in the frozen vegetable market.

In recognition of the tough economic challenges that today's businesses face, the Technology Strategy Board has provided an added incentive to businesses with extra funding for SMEs. The initiative means that organisations with fewer than 250 employees that start a KTP project during 2009/2010, will receive a cash payment that reduces their own contributions to the cost of a KTP project from 33 per cent to 25 per cent.

The initiative aims to reduce the financial risk to SMEs and encourage them to seek the substantial benefits achievable through collaboration with academics within the UK's FE colleges and universities.

The KTP website (*www.ktponline.org.uk*) provides full information on how to set up a KTP and also has a library of case studies, sorted by region and sector, so you can understand what's involved from those who have already undertaken a project. You can also call the KTP helpline on 0870 190 2829 for advice.

THE INNOVATION JOURNEY

- **Step 1:** Meet with KTP advisers to discuss a business issue that requires an innovative solution, and identify academic partner
- **Step 2:** Develop robust proposal which sets out key objectives and deliverables for KTP grant approval
- **Step 3:** Recruitment of KTP Associate
- **Step 4:** KTP underway. Regular contact with KTP Adviser to monitor project milestones and outcomes
- **Step 5:** New skills embedded within the business. Staff trained, increase in profits, new markets opened. Decide whether to offer Associate full time employment
- **Step 6:** Develop an innovative culture in the business - businesses survive only if they are responsive to their markets and are prepared to challenge their own approach to commercial opportunities.

PR in the ONLINE age

Tim Gibbon discusses how public relations has changed forever and constantly evolves in the online age

The time-old profession of public relations (PR) needed a massive wake-up call due to the rapid development of the digital landscape, technology and how people wish to receive and consume media.

Audiences not only consume media - they create, report and share it, which has presented challenges for the PRs that they have never experienced before. PRs not only need to adapt, they have been forced to accept change, and in most circumstances it has been a difficult experience - particularly for large networks - to embrace the new breed in communications.

The two mediums that have had an impact are online PR and social media that are actually closely related; even creating a cross-over of skills. In addition to this, with the quick growth of the internet and related technologies, there are so many more channels available to advertising, marketing and PR professionals. With such a melting pot of various mediums, even professionals within the industry claim that the lines are blurred with much to learn within an environment still developing.

Adding to the complexity of the issue of where budget should be sourced and managed from, PR has taken a back seat with the very medium where it is strongest and only recently become more vocal to fend off competition largely from digital marketing, search marketing and social media agencies. Whether internal departments or agencies, freelancers and/or the ad networks that influence the public relations sector, all need to move forward, appreciating the major disciplines that have an impact.

RECLAIMING ONLINE PR AND SOCIAL MEDIA

With the development of more marketing technologies, online resources, sites and particularly socially driven hubs, PRs claim that the lines are blurred between online PR and social media. This is an inaccurate assessment given that there has been a crossover in skill sets, namely online PR, public relations, search marketing (search engine marketing), social media marketing and viral marketing for a number of years.

Instead there is the need to integrate the disciplines, which requires public relations professionals to skill up and reclaim disciplines that naturally suit their skill sets. If not, the above will continue to encroach on their territory where conversation, dialogue and media relations are important for online PR and social media.

So what is the difference between online PR and social media marketing and why is it important to understand?

ONLINE PR

Online PR mostly tends to be distribution channels when ideally it should be more conversational. It ought to more about communication than distribution because, at times, distributing content can be largely ineffective in a saturated space unless the factors that create successful management are created. However, it is social media that now holds more of the keys to enable conversation with online PR now largely reserved for optimised online press releases and similar content.

SOCIAL MEDIA

Social media is more conversational, and unlike online PR should really open the lines of communication for short and especially longer term relationships and dialogue. With the advent of social media, the social media press release arrived, that was more bark than bite and failed to lived up to expectations. The release was in fact flawed given that it required an attachment to be used for some early releases which pushed against the grain of fundamental social media relations.

Although the early versions of the social media press release failed to deliver for PRs, newswires in particular have used elements of social media (e.g. social book marking, tags, video, news engine SEO) to incorporate them into their services. Given they are press releases, one has to question do they fully flow into the social media ecosystem, even if there are elements of them that are useful and even essential for media use. Instead, intelligent social media relations creates relationships between stakeholders and brands, using the aforementioned as conduits to reach, understand and most importantly interact with audiences.

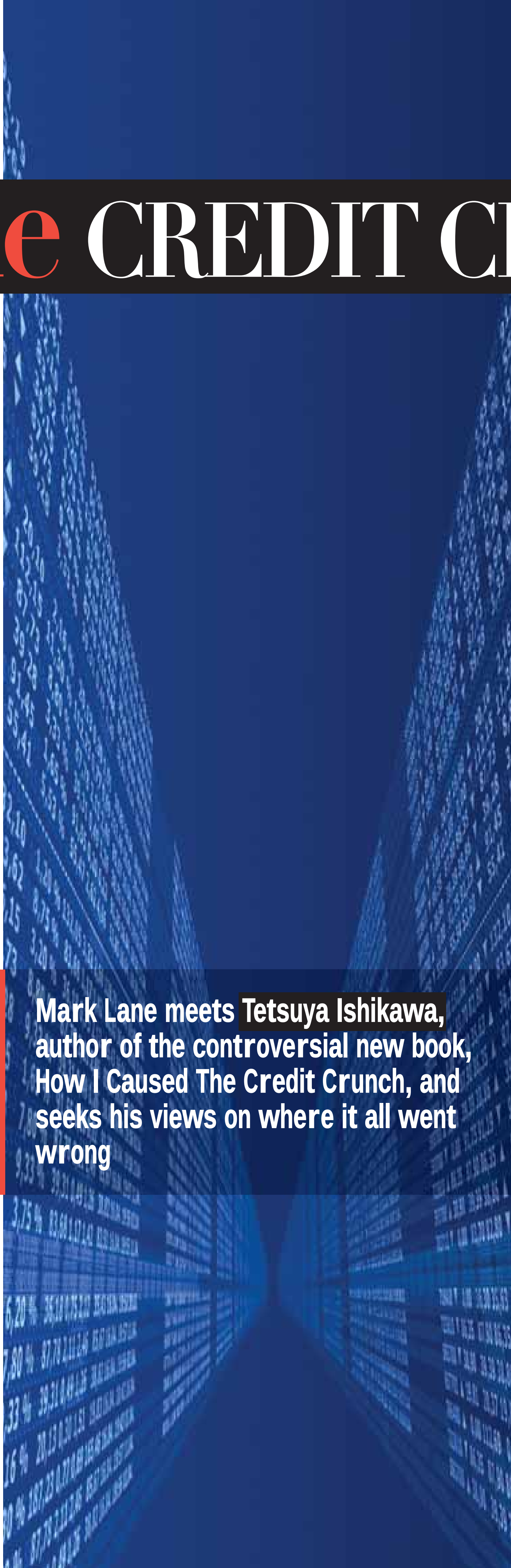
THE MAJOR CHALLENGES THAT BUSINESSES FACE

Many brands and public relations professionals are either completely new to the technology or have just been peripherally monitoring it for a while, so are in fact late adopters trying to ascertain how they join the social conversation. With many failures and embarrassments that have recently been revealed (Mars Skittle and Snickers) it is understandable that there is (still) apprehension surrounding why, how and when to get involved in social media and manage online PR activity.

PR has been coming of age slowly. Perhaps it isn't too late for the specialists in communication and dialogue to reclaim their areas of expertise. The next hurdle to overcome? It's measurement of course.

Tim Gibbon is a director at media consultancy Elemental

Setting the CREDIT C



Mark Lane meets Tetsuya Ishikawa, author of the controversial new book, How I Caused The Credit Crunch, and seeks his views on where it all went wrong

The public want some scapegoats. Who can they blame for the credit crunch? Who can they blame for the fact that they and people around them are losing their jobs? Bankers? Traders? Politicians? Anyone will do at the moment. Sir Fred Goodwin, and his connections with the Royal Bank of Scotland, fitted the bill perfectly for a short time but I think we've all got a bit bored of him now. So now it's time to find somebody new, a job which I am sure the British media will be happy to help out with.

These are bizarre, irrational times we live in for as a I write this, the headline in one particular national newspaper is that house prices are showing signs of recovery. Later in the article there is an interview with an estate agent (that most partial of observers on the housing market) saying the past few weeks have been frantic. The whole story is upbeat as if, somehow, rising house prices are good news and recovery in the housing market somehow implies we are heading out of recession.

It seems, then, that on the one hand we are obsessed, as a nation, with house prices, many viewing them not as homes but as investments. On the other, when these investments don't do as we want them to do we want to blame the very people who turned our homes into investments in the first place by ramping up the whole market for a decade.

It is against this backdrop that I caught up with a one man who, if he isn't careful, might just end up following in the footsteps of Sir Fred Goodwin. Tetsuya Ishikawa is the author of a new, provocatively titled book *How I Caused the Credit Crunch*.

The book is a factional - fiction based on fact - account of Tetsuya's seven years at the epicentre of the credit markets. In it, Tetsuya explains in layman's terms the complex financial instruments which enabled debt to be parcelled and re-parcelled, a process known as securitisation. That debt was given ratings by agencies based on how risky it was and, logically, the returns for investors were higher the riskier the debt.

The idea of securitisation generally was to disperse risk while enabling cash-rich investors to share in the risks associated with bank lending. But, as we all know now, things went horribly wrong. Banks became highly leveraged, buying each other's securities to boost short-term profits and generally - and I choose this term carefully - behaving in an idiotic manner. The banking system became fraught with risk, market sentiment shifted, people got jittery and financial Armageddon followed.

Tetsuya's book, while brilliantly explaining the complex stuff, also alludes to the personalities involved in the financial industry generally. High on testosterone, low on morals, they made millions by day while living to excess by night. They did drugs, used prostitutes, spent thousands on the best Champagne money could buy, they drove ridiculously expensive cars, splurged tens of thousands on tailor-made suits and so on.

A number of things stand out about the book. First, there is the

RISIS record straight

sheer audacity of the products being created. At one stage Tetsuya likens a particular deal to a shop-keeper buying his own stock just so he can put the transaction down as a revenue on his balance sheet. There doesn't appear to be any intrinsic value being created by the deals. The investment bankers, in their own, cosseted little world, truly do seem to have lost touch with reality.

And herein lies the problem. During one particularly illuminating passage, the protagonist drives out to some prime US real estate to try get a feel for the burgeoning property market that is making all these deals possible. Here, he bumps into a Ferrari-driving mortgage broker. The broker tells him about some of the products he is selling and Tetsuya immediately sees that, long-term, they simply don't stack up. People with terrible credit ratings are being allowed to borrow huge sums yet the broker doesn't seem that concerned about whether they will be able to pay it back.

I put it to Tetsuya that surely people in the industry must have realised what was going on. Surely somebody must have known that you can't just keep creating money out of fresh air. Arguing that the principles behind securitisation were fine. The problem, he suggests, "is that people took it to another level and it got out of hand. You have to remember that people in the industry are under huge pressure to deliver profits for their employer. Individuals became driven solely by profit and remuneration and nothing else got a look in."

He continues: "The entire credit crisis was based on the assumption that credit was endless. We were operating in a period where there was this massive growth in investment capital. The Asian banks, collectively, had trillions to invest. Suddenly this investment pool around the world looked enormous and people got carried away. What they didn't count for is that if things did start to go wrong, how quickly they would falter."

The first signs of things going wrong in the book is when news emerges of people starting to default on their mortgages in the US. Securities start getting down-rated by ratings agencies and investors start panicking. The interesting thing is that, even at this stage with the blindingly obvious staring them in the face, many investors simply refuse to accept what is happening. They think it's just a short-term market correction. "The problem was that many have such a strong intellectual belief in the workings of the free market," Tetsuya says.

In the book, the key protagonist ultimately ends up being made redundant. Nobody wants his products. In real life, Tetsuya, whose banking career took in stints at Morgan Stanley, Goldman Sachs and ABN Amro, says he is now happy writing. He has a column with *the Guardian* and, indeed, has become a media spokesperson on the credit crunch.

His argument for writing the book, he says, was to set the record straight on the credit crisis generally and encourage people to ask what really went wrong so that we can learn some lessons for the future (as opposed to simply looking for scapegoats).

"The whole debate around the credit crunch has missed some key points in my opinion," he says. "One of the most important issues for me was the culture of short-termism in the industry and this, I would argue, is a reflection of the society we live in. Shareholders demand a profit and there is pressure on people in the industry to deliver.

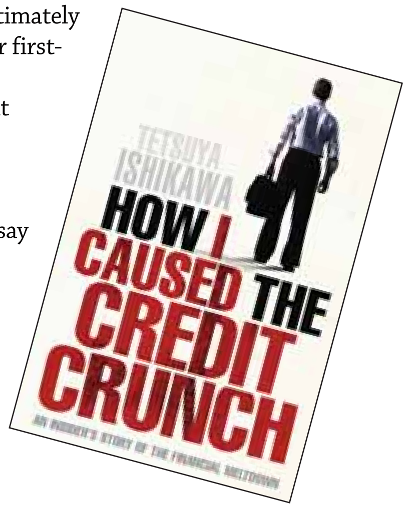
"Thirty years ago, investment banks were partnerships rather than publicly listed companies. The firms were owned by the partners who had a stake in the business and, as such, it was in their interests to make long term decisions that were in the best interests of the business. Their mentality was completely different - they were not simply driven by a desire for short-term profits."

To me, this begs the question as to why older heads in the industry did not see the speculative bubble that was being created and perhaps think to do something about it. The answer, Tetsuya suggests, is because even the older generation got caught up in the growth frenzy. As he rightly points out, "initially, some lessons were learnt from the Great Depression but they were forgotten over time."

The strength of this book, I would suggest, is that it remains objective throughout. Tetsuya has written an honest, open account of what may well come to be seen as a very dark period for high finance. Its significance is that this period is now having a huge impact on us all - not least the many owner managers who will be reading this now and wondering why their bank is suddenly reluctant to extend their overdraft.

If looking for a scapegoat, such readers may well wish to blame Tetsuya and his ilk, however, I would ask them to think again. He and his colleagues created, fine-tuned and made money from these complex products ultimately to plug a gap in the market. They acted in self interest just as your amateur buy-to-letter (another product of these perverse times) acted in self interest despite the fact that his or her actions ultimately helped ramp up prices for first-time buyers.

The difference was that Tetsuya and his contemporaries made millions in the process. Given the chance, I dare say most of us would do the same.



How I Caused the Credit Crunch by Tetsuya Ishikawa is published by Icon Books Ltd.

Q&A

Business Today talks to Simon Jordan, the multi-millionaire businessman and owner of Crystal Palace Football Club

Q: You have had your fair share of confrontations over the years and come across as somebody who it would be unwise to cross in business. Do you think this a fair assessment?

A: I think that it is unwise to cross anyone with a strong character, in any walk of life, whether socially or in business. If people deliberately set out to turn you over then they should expect ramifications. I am not the sort of person to walk around holding grudges and more often than not, with people who have taken advantage of situations and deliberately set out to "leg me over", I find you get the opportunity to re-address that. Sometimes I take that opportunity, and sometimes I rise above it. ■

Q: Your business interests are very wide and varied. Is there one particular aspect of what you do on the business front that gives you most pleasure and/or where you would like to focus particularly in the future?

A: My business interests are varied albeit they often have a common thread, that thread being entertainment, whether it be owning the Football Club, restaurants, magazines or making films. These industries have a great deal of similarities, creating something. That also happens to be a highly risky business and with my approach being one of a half full glass you can leave yourself sometimes very exposed. For instance, in the making of the film Telstar, rather than seeking outside finance and getting a studio involved, I decided to spend £2.5m assembling a stellar cast and this is the first British film to be financed by a single individual in over 40 years. These sorts of risks are either foolish, brave, educated or a combination of the three, results will tell in the end. ■

Q: Is running a football club a great way to lose a lot of money?

A: Yes, running a football club is the ultimate way to turn a big fortune into a small fortune, then again so is making films and guess who is involved in both! ■

"Running a football club is the ultimate way to turn a big fortune into a small fortune"

Q: There were reports a long while ago of you planning to sell Crystal Palace. What aspects of being chairman of a club have you found most disillusioning?

A: It is common knowledge that I intend to sell Crystal Palace Football Club. Running any business that requires enormous financial support on your own for a significant period of time, can become disillusioning. My character is very determined so it is not so much disillusionment that leaves me to want to leave football, it is the fact that I would like some of the bloody money back (sic). But seriously I have never been involved in anything for more than five years and I have owned Palace for nine years and I feel there are new challenges out there and whatever people will say about me, I have made my mark on football. ■

Q: Do you forgive and forget? Are there any people with whom you believe you have unfinished business?

A: It depends upon the misdemeanour. My character unfortunately/fortunately never forgives, but sometimes it is less energy consuming to forget - all this nonsense about revenge being a dish best served cold can sometimes distract you from achieving more positive things than settling scores. However, some people do need to have their minds concentrated! ■

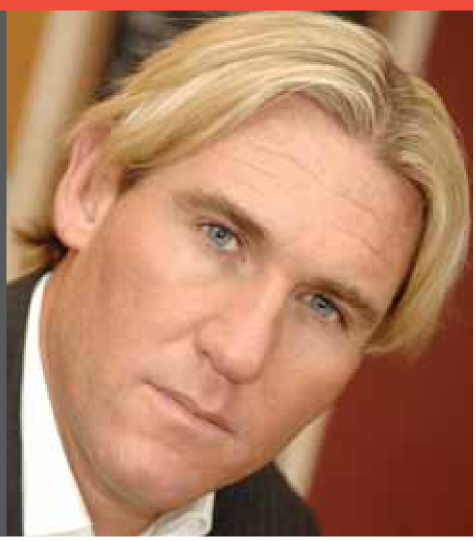
Q: What advice would you give to an aspiring entrepreneur?

A: It is difficult to give someone advice without knowing the full situation. If I was offering overall advice, first of all I would say that everyone attempting to start a business in this country is very brave and deserves recognition. It is core to understand your market and project properly, the approach should be one of a half full glass, in business the upside will take care of itself and you need to concentrate on the downside. To be successful you have to be 100% focused at all times - you must be the first person in and the last one out. Understand that obstacles are not things you stop at, but things you overcome, if you falter at obstacles then you are a middle manager not an entrepreneur. You have to be brave, not stupid. Everyone gets knock backs and believe me you will have several; these knock backs must be used as something that galvanises your spirit and makes you more determined. On top of all this be realistic and have an element of luck! Of course, the harder you work, the luckier you get. ■

Q: How are your various business interests being affected by the recession?

A: They are very much affected - like everyone else's business, except maybe lawyers and debt collectors! Given a large portion of my investments are in the entertainment business, they are the ones that have been hit hard. People don't spend as much, they don't go out as much and they are looking for significant deals and discounts due to the climate; and banks are frankly unhelpful despite being bailed out by tax payers! ■

To read a fact file on Simon Jordan (pictured below) go to: www.ukbusiness-today.co.uk



advertisers' INDEX

Needs to be updated! Thank you!

petec ...the future inspired

APPEARANCE MANAGEMENT

Endress+Hauser
People for Process Automation

VIEW THIS PAGE ONLINE
TO PLAY THE COMPANY VIDEOS ABOVE

www.ukbusiness-today.co.uk