

Focus



NEWS, VIEWS AND OPINIONS ON BUSINESS FINANCE

WHAT THE PAPERS SAY...

BUDGET BLUES

One of the most anticipated Budgets in a long time turned out to be rather a damp squib. There was no dramatic U-turn on National Insurance, but no further increases in tax either as the Chancellor announced increased borrowing to offset lower than expected economic growth. The main announcements included; an extension of the VAT threshold for small firms with a turnover of up to £56,000. Further relaxation of the VAT rules to allow 600,000 more firms to pay at a flat rate, and abolition of fines for late payment of VAT for 200,000 firms.

NEW EQUAL PAY QUESTIONNAIRE LAUNCHED

UK businesses will face a huge culture shock and a potential flood of legal challenges as a result of the government's new equal pay questionnaire. The questionnaire aims to help employees who believe they are suffering in terms of unequal pay. Workers will be able to request information on their colleagues pay levels to discover whether they are the victim of unfair treatment. However firms are likely to face major challenges due to the moves, which are largely aimed at helping female workers who still receive less pay, on average, than their male counterparts.

EMPLOYERS URGED TO RECOGNISE DISABLED STAFF NEEDS

A damning report by the disability charity Scope suggests that Employers 'Ignorance, fear and prejudice' are the main reasons why many disabled workers struggle to find employment. The study also revealed that almost 50 per cent of firms polled admitted that they would not employ a disabled person because of the cost involved. Over one in three said they did not know whether their buildings were accessible to wheelchairs.

Fraud Alert – just how vulnerable are small businesses?

Owners of small and medium-sized firms are jeopardising their businesses because they do not take the threat of fraud seriously enough, according to a survey by accountants and business advisors PKF.

The findings show that half of SMEs do nothing to prevent fraud and almost two thirds would not know what to do if they discovered or suspected a fraud in their company – yet a global report by Ernst & Young shows that half of firms will be hit by fraud at some point, and around half of them will not be aware of it.

The Ernst and Young survey also identifies business managers as the most likely culprits, with 50 per cent of fraud committed by managers who have been in management positions for a year or less. This suggests that with 'jobs for life' no longer a reality and increased transiency, loyalty to a business or organisation is weakening.

In an unstable economic climate, fraud from external sources tends to rise as the pressures on businesses and their cash flow increases. However, the biggest threat to British businesses undoubtedly comes from within. The research findings demonstrate that of the

fraudsters, 85 per cent were on the payroll, five per cent clients and four per cent suppliers.

According to David Robertson, Chief Executive of Bibby Financial Services; "The number of small businesses taking unnecessary risks by failing to consider fraud prevention is worrying. But fraud is still considered a taboo subject in business – and something that only big corporates such as Enron have to worry about. However, even simple steps such as rotating jobs or making holidays compulsory can make a difference to a firm's vulnerability."



A Day in the Life of...



Julie Ashmore, Director,
Bibby Factors Polska

In this edition of Focus, we meet Julie Ashmore, who is at the cutting edge of Bibby Financial Services' expansion plans, as a **Director of Bibby Factors Polska.**

"I have been involved with Poland for over two and a half years now, and since May 2002 have been based full-time in

Warsaw. Bibby Factors Polska is the first UK-owned factoring outfit to be established in Poland and since we started to trade over nine months ago we have grown rapidly, recruiting a team of seven Polish nationals.

"Setting up a new company in a completely 'greenfield' market has been a fantastic, hugely challenging opportunity for me. Much of my role has been working with local staff to ensure that the standards of service we are so proud of in the UK are replicated in Poland. However, I've also had to be sympathetic to the local culture and business etiquette, which in many ways are different to the UK. For example, business is conducted very formally and there is a distinct lack of networking. In addition, working with your so-called competitors has not historically been accepted and any effort to do so has resulted in a high level of suspicion on both sides.

"The cultural nuances of business in different countries can only really be understood, after having spent significant time 'in situ'. However, one of the great benefits for financial advisors in the UK, whose clients may be considering export to Eastern Europe, is that Bibby Factors Polska is now in a position to offer advice and facilitate trade based on our grass roots experience. Our presence within Eastern Europe also means that we can help with collections throughout the region benefiting from our knowledge of local languages and customs.

I'm hugely confident that we've only seen 'the tip of the iceberg' in terms of Poland's potential as an exporting market for UK firms. With the country scheduled to attain EU membership in 2004 and increasing demand for western products and services, this is definitely a market to consider.

For more information on Bibby Factors Polska email: info@bibbyfactors.pl

Education system fa

The phrase "you just can't get the staff these days" is well used in businesses up and down the country. But it would seem that this rings true more than ever as jobs that in the past have been filled by school leavers are going begging. While demographic changes and an increase in the number of young people going into higher education means that there is a squeeze on the labour supply at source.

According to new research from Bibby Financial Services, 67% of owners and managers rate vocational skills more highly than academic qualifications but young people are shunning apprenticeship schemes in favour of going to college and university. Suggesting that in 10 years time there may be a severe shortage of skilled plumbers and builders, as the onus on developing traditional, practical skills wanes.

The British Chamber of Commerce backs this up arguing, "many colleges deliver inconsistent standards, provide little preparation for students moving into the workplace and fail to address local labour market needs. Far too often we find that there is no link between further education and local employers. In these days of supposed integrated planning, this cannot be in the interests of learners, employers or crucially, the UK economy."

The Government is certainly concerned about this and last year announced a raft of measures to overhaul modern apprenticeships in the hope of enticing more young people to learn work skills. A target was set to attract more than a quarter of young people to enter apprenticeships before they are 22 years old.

Despite the overwhelming agreement about the merits of staff training, owners and managers are not agreed on how much budget should be allocated to improving employee's abilities.

In fact, the amount of money spent on staff training in an average year appears relatively low, with 41% of small firms spending less than £1,000. Surprisingly, a quarter (25%) of small businesses admit to currently spending

STOP PRESS...STOP PRESS... Bibby Factors launch in

Bibby Financial Services continues to expand with the launch of Bibby Factors Yorkshire. Led by Nick Hart, Operations Director, and Kevin Rose, Head of Sales, both men have a wealth of financial services experience between them.

Commenting on the launch, Nick Hart said; "As one of the UK's leading factoring companies, we took the decision that we needed to concentrate on businesses in Yorkshire. The region has a strong tradition of entrepreneurship with a large and growing number of small businesses."

ils British employers

no money on staff training at all. This suggests that many small firms if they do any training at all, conduct this in the form of internal on-the-job training, job shadowing or mentoring, rather than investing in external training courses.

Tackling the skills time bomb

Small business owners and managers are unanimous that training is essential for the success and development of their business. Certainly, it costs time and money but the additional skills, confidence and loyalty that training brings to a business will usually deliver a decent return on investment.

However, as the skills gap continues to widen and a growing number of businesses are reporting that it is harder and harder to find the skilled staff that they need, training and development has become even more of a business imperative.

It remains to be seen whether the Government's modern apprenticeship schemes, the introduction of new technical certificates, legislation to give workers the right to between 35 and 70 hours paid leave a year for training and wage costs compensation for small firms will bridge the widening skills gap.



PRESS...STOP PRESS... Yorkshire

He continues; "We can help small and medium-sized businesses in Yorkshire that sell on credit to another business. The fact that we are non-bank owned means that we can deliver faster, more flexible, cash-flow solutions to our clients' needs.

Kevin Rose predicts that the demand for Bibby Factors Yorkshire's cash flow solutions will grow quickly: "More and more accountants and business advisors are recommending factoring and it is now seen as an ideal form of funding for a growing business."

VIEWPOINT

What effect will congestion charging have on small firms?



Ken Livingstone, Mayor of London

"Everyone knows that tough decisions have to be made to tackle congestion. If we want London to continue to be a success story for business and jobs, then we must enable people to move around the heart of London more efficiently. Congestion charging is the only option available—there is no practical alternative



David Robertson, Chief Executive, Bibby Financial Services

"Congestion charging will hit Britain's small businesses hardest. Customers may be put off visiting their stores because they don't want to pay a congestion fee themselves, while the cost of making or taking deliveries looks set to rise significantly for those based in or around major commercial centres. However, it has to be recognised that congestion is a significant and growing cost for firms in some of our major cities and if the funds raised are re-invested wisely into effective public transport, the long term benefits could out-weight short term inconvenience."



Bill Moyes, Director General of the British Retail Confederation

"Congestion is a significant and growing cost for retailers in London, but with charging on this scale largely untested, the Mayor is taking a huge gamble with London's transport – putting the livelihood of many of the capital's 33,000 retailers at risk. "The capital's small retailers provide an extensive range of community services and are essential to the character and diversity of the modern high street. With low margins and increasing economic uncertainty, many small retailers may be unable to bear the burden of the additional costs the charge will bring."



Mary Rance, Director CBI

"The principle is right, road space is a limited resource and this is a realistic way of rationing it. Clogged roads are a huge drain on business and we cannot do nothing. There must be no snap judgement on whether these objectives have been achieved because a pioneering scheme on this scale may suffer some teething problems.

SPOTLIGHT

A Cut Above the Rest

Broadland Stainless Ltd. is a manufacturer of quality stainless steel items for the commercial catering and food processing industry, based in the town of Acle between Norwich and Great Yarmouth. Established in 1997 the company has ten employees and an annual turnover of £330,000.

In 2001, the company found themselves experiencing a period of extremely rapid expansion, with customer orders increasing two fold and many more in the pipeline. Company Secretary Jeanette Mansfield, quickly came to the conclusion that if the business was going to survive the sudden upsurge in demand for their products, they needed a flexible form of finance that would keep pace with their growth.

A couple of years previously, she had researched factoring as a possible business finance solution but decided that there wasn't a pressing need for it then. Now, years later with business booming, she decided that factoring was the ideal solution.

Jeanette explains, "I was keen to finance the growth of the business without the restrictions imposed by the high street banks. I had been impressed with Bibby Factors back then and decided that if I did go down the factoring route it would undoubtedly be with Bibby.

"The nature of our business means that our large contracts take several weeks to fulfil and then we have to wait 30 days for payment from

our customers. Factoring releases the money we have tied up in unpaid invoices and means that we don't suffer from cash flow constraints and can take on more orders with confidence. I am absolutely delighted with the high level of personal service Bibby Factors provides. My one regret is that I didn't do it sooner!"

Broadland Stainless Ltd. are now planning the second stage of their expansion and intend to conduct a direct marketing campaign and a re-launch of their website to target prospective new clients.



Robert Mansfield,
Broadland Stainless Ltd.

For more information call free on 0800 389 8811 or visit our website www.bibbyfinancialservices.com

BANBURY • BASINGSTOKE • BEDFORD • BOREHAMWOOD • BRISTOL • EDINBURGH • HASTINGS
LEICESTER • LIVERPOOL • MANCHESTER • RICKMANSWORTH • SLOUGH • SUNDERLAND • YORKSHIRE

STARTER FOR 10...

TOP TEN TIPS TO BETTER PROFIT MARGINS

The prices businesses charge for their services or products can have a huge impact on the success or failure of an enterprise. Charge too much and a business may lose customers, charge too little and they risk not making enough profit to survive. We have produced the following tips designed to help your clients strike the right balance, find the optimum price and maximise their profit margins.

ONE

Reduce operating costs – Clients should review where the business spends its money. Are there any costs that can be cut back, without having a negative effect on profits?

TWO

Review external suppliers – Is the business paying for external suppliers to provide a service that could be carried out at a cheaper cost internally?

THREE

Audit overall expenditure – Clients should carry out an overall audit of the businesses outgoings encompassing everything from insurance and staffing to expenses and stationery.

FOUR

Talk to suppliers – Another way to boost profit margins is for your clients to reduce the amount spent on supplies – it is worth them investigating the possibility of early settlement or volume discounts.

FIVE

Shop around – Clients should investigate who their suppliers' competitors are, what prices they are charging and what discounts they are prepared to offer.

SIX

Buy in bulk – Clients may wish to buy in bulk at a cheaper price per unit. This may enable them to increase profit margins.

SEVEN

Diversify the product range – Another way your clients can boost profits is to try selling new lines to existing customers as well as attracting new ones.

EIGHT

Review pricing – Ensure that your client's business is charging enough for the products or services it offers, keeping up with inflation and the broader market.

NINE

Work smarter – Investigate whether their marketing or promotional funds can go further; are there complementary firms or organisations with whom marketing spend could be pooled?

TEN

Consider incentives – Your client may wish to look at ways to incentivise staff or customers who exceed sales targets or introduce new customers