

HSE launches pilot grant scheme for SMEs

THE HEALTH AND SAFETY Executive (HSE) has launched the Small Firms Assistance Scheme (SFAS), to help small firms improve their health and safety performance.

The scheme will run until May 2003 and is operated on behalf of HSE by the Small Business Service and Business Links. It operates in three regions — West Yorkshire, Essex, and Devon and Cornwall, which together represent the full range of industrial and rural small firms in Britain. The scheme operates on a matched-funding basis.

Health and safety law requires employers to have a health and safety policy, conduct a risk assessment, take all reasonable measures to control the risks associated with their work activities, and have access to competent health and safety advice. For firms with more than five employees, the safety policy and risk assessment must be documented.

Research commissioned by HSE has shown that generally small firms struggle with applying health and safety law effectively, but are reluctant to approach HSE directly for advice. The pilot scheme aims to plug this gap by providing the kind of help they need through intermediary organisations.

Eligible small firms have access of up to 50 per cent funding (to a maximum of £1000), with the remainder of the cost being met by the firms themselves. The funding can be used to undertake health and safety training and/or access mentoring as follows:

- health and safety awareness raising seminars as part of the Business Link induction package to pre starts;
- mentoring (advice and practical assistance with getting started on health and safety from a small business adviser) delivered on site to start ups;
- a choice of mentoring and/or training to micro firms that have been established for longer than a year. ■

Competitive success

Are you gambling away your company's future?

The demanding skill-set required of today's leaders separates the winners from the losers

by Professor Amin Rajan

LEADERSHIP IN THE CURRENT business climate is about making sense in an atmosphere of exceptional ambiguity.

In practical terms, it's about turning businesses into world-class organisations and doubling economic profits every five years.

To achieve these goals, managers need to do two things.

First, they have to understand the distinction between qualifiers and differentiators in the Internet Age. Qualifiers are basic things that an organisation needs to get right to survive. Differentiators give it an edge over competitors.

In the last five years, due to accelerating competition, most companies have been converging on similar standards of costs, reliability and service quality.

As a result, these are no longer differentiators: they are merely chips to play the game. Now, differentiation is about:

- Giving employees more autonomy and space;
- Setting demanding expectations that require everyone to go that proverbial 'extra mile';
- Raising the performance level in all key activities;
- Encouraging activities like team-working, networking and reciprocity that produce exceptional results..

Upping the game

Second, managers must recognise that upping the game is possible only so long as leaders possess a range of skills that facilitate corporate transformation.

These skills are important because they underpin six leadership attributes that differentiate winners from losers:

- Vision — because people want to know where their company is going;
- Passion — because leaders must possess conviction and belief in their vision if they are to inspire others;
- Persistence — because the journey to the promised land is always full of obstacles;
- Empathy — because leaders must listen to others; no one has a monopoly on wisdom;



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volume three number four

- Action — because deeds must speak louder than words; in today's workplace hype provokes corrosive cynicism;
- Accountability — because being the guardian of corporate vision carries new responsibility in its delivery.

Like love, leadership is hard to define.

Leadership is universal, yet intensely personal. It is not a divine gift for the blessed few.

It can be learnt through a diversity of experiences.

Some banks, insurers and fund managers are attempting to provide them in a classroom as well as non-classroom setting.

Of course, different leadership styles are needed to cope with different situations: for example, the autocratic style makes sense when an organisation is in deep trouble and needs to achieve a rapid turn-round.

That style would be counter-productive when the organisation is in a growth situation.

The vision set by leading companies on both sides of the Atlantic requires the transformational style adopted so successfully in much admired companies like Shell, GlaxoSmithKline and Cisco Systems. It's a style that says:

- Leadership is about taking people where they've never been before;
- It's about inspiring ordinary people to produce extraordinary results;
- It's about creating an image of the future that inspires enthusiasm and commitment;
- It's about responding to the deep emotions of people as they cope with the journey;
- It's about encouraging learning by experimentation and tolerating.

This style is about convincing others of the risks and rewards involved in achieving a successful transformation. Neither fiat nor fear can deliver a company's vision. It calls for a style that is strong on strategic thinking and people management. ■

SOURCENOTE: Professor Amin Rajan is the author of LEADING PEOPLE and LEADERSHIP IN THE KNOWLEDGE AGE research studies (e-mail: info@create-research.co.uk). This article originally appeared in PROFESSIONAL MANAGER.

2.



Have you ever considered...



...that teams at the top strengthen a company?

WHEN STUDYING little-known German companies with at least 70 percent and above market share (what he calls "hidden champions"), Hermann Simon was surprised to find many headed by teams.

A vast majority — 82.4 percent of the 500 firms he studied, are led by a team of up to five members.

Many new companies are led by co-founders. In some companies, they are siblings, like Rainer and Jurgen Wiesoff, who began Interface, a leading company in locks for computer disk drives.

In others they are unrelated, as in SAP, the world leader in standard business software, founded by three former colleagues at IBM.

Fast Electronic, one of the world's leading companies in computer compression cards, was founded by Matthias Zahn, who started the company with university friends and roommates, all of whom still have top positions in the firm.

Teams seem optimal because they include technical and business expertise to a degree seldom found in any one person.

Such partnerships are not a new phenomenon - they include many beside William Hewlett and David Packard; Paul Dubrulle and Gerard Pelisson, who created the French company Accor, now the largest hotel chain in the world; and Masary Ibuka and Akio Morita, who built Sony.

Successful collaboration is hard to achieve, but when partners bring complementary skills to the table, their company is stronger. ■

Chris Nabavi

Successful selling

How to make your first sale

"Remember that your customers are far more likely to respond in a positive manner if you approach them with the right product at the right time, or fulfil specific needs."

MANY BUSINESS IDEAS never get off the ground if that first sale can't be achieved.

Once you've got that first sale in the bag, you can get referrals and testimonials off the back of it, making it easier to generate further business.

Opening doors

Establishing first and subsequent sales is about creating relationships with your customers. Find out as much as you can about them and work towards making them feel individual, rather than one name in a list you are working your way through.

It's all about getting to know your own company's products and expectations and tailoring these to your customers' needs.

Initially, try to arrange face-to-face meetings as this will give your customers the opportunity to see the business on a more personal level.

Keep track of your potential customers' buying patterns — find out how their budgets have been allocated. You will therefore avoid wasting valuable time pitching to a company whose annual budget has already been exhausted.

Put yourself in your customers' shoes and make a list of all the reasons why someone should listen to you. Keep as much up-to-date information as possible on potential clients. Remember that your customers are far more likely to respond in a positive manner if you approach them with the right product at the right time, or fulfil specific needs.

The first issues you should consider are what individual aspects make your product stand out from the competition, and what needs it serves. Look at what your product offers over and above other products being offered in the same market.

USPs

Remember that you are not likely to be the only business pitching for clients – so make a list of the unique selling points (USPs) of your product or service. Find out as much as you can and ensure you keep up to date with other similar products on the market. Consider issues such as price, delivery mechanism, areas you are willing to deliver to and how fast you can deliver your product, enabling you to stay one step ahead of the competition.

The trick is to give prospective clients a reason to get back to you by a certain deadline (known as a time-close) by offering special deals or free incentives related to your product or service. For instance, offer a discounted rate around your product that only applies to customers who are willing to commit within a predetermined time scale.

When you initially approach customers they are likely to be wary about new product offerings, so remember to include an offer of guarantee.

Test run

Test your selling approach on focus groups (which can be friends and colleagues) that should be made up of a cross-section of your potential audience. Gaining feedback from such a group will enable you to target your sales more successfully and take out some of the guesswork often associated with sales. Get your friends or colleagues to come up with as many objections as possible and work out solutions to each of these. Remember though that not all objections will be negative – look at how you can turn these around to highlight the benefits of buying your product or service.

Above all, your first meetings will be a refining process where you can learn how best to pitch and position your product to the appropriate market. A good salesperson will use every pitch/client presentation as an educational tool to improve upon the next pitch.

Try to arrange initial meetings with companies that are perceived to be the smaller players in your target field, before approaching the larger ones. It is worth bearing in mind that many larger companies will already have their budgets allocated and will have set a limit on the number of suppliers they are willing to meet.

Don't forget to encourage, gather and use testimonials and referrals from the focus groups. You can use these as a marketing tool, such as within newsletters emailed to target customers. It is crucial to ensure you have a system in place for regular follow-up so that leads can be maintained. This will also be a useful tool if you decide to cross-sell other products and services. ■

Brain storming



IMPROVE FRAYED CUSTOMER RELATIONS by changing the way you handle customers.

Example: Bancomer, Mexico's largest bank, tightened credit and seized customer collateral during Mexico's 1994 financial crisis. To rebuild relationships afterward, it positioned itself as a bank willing to work to meet all customers' needs. It assessed customers' likely lifetime value and individual interests and needs, then restructured products and services to provide what customers wanted. *Result:* By 1997, Bancomer was considered the most trustworthy bank in Mexico.

SOURCENOTE: E: Rob Smith, founding principal, Focalpoint, quoted in TARGET MARKETING



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3.



Well worth reading...!

Hacked, Attacked and Abused

LAST APRIL THE UK Department of Trade & Industry estimated that digital attacks cost UK firms £10 billion each year.

In January 2002: Cloud Nine, a UK Internet Service provider (ISP) shut down its services because of repeated and widespread denial-of-service attacks against it, describing the event in these terms: "We have all spent nearly six years building this company and its reputation only to see it destroyed by a brazen act of cyber terrorism."

Recently, the Confederation of British Industry (CBI) reported that two-thirds of UK businesses have experienced a serious online incident such as hacking, virus attacks or credit card fraud.

In 1986 there was only one recorded computer virus; now there are over 50,000 and that number is still growing.

Thousands of innocent individuals have had their identities 'stolen' online and used fraudulently.

HACKED, ATTACKED AND ABUSED, published by Kogan Page, provides an eye-opening account of the various risks posed by the digital age, and what can be done to secure both individual and corporate information and privacy. Risks such as:

- organized digital crime
- cyber laundering
- fraudulent Internet Web sites
- hacking and cracking
- viruses
- Web site defacement
- unauthorized disclosure of confidential information
- the fraudulent aspects of electronic cash
- identity theft
- information warfare
- denial of service attacks where systems are inaccessible to legitimate users
- government digital monitoring such as Echelon
- what companies and individuals can do to minimise these risks. ■

Human resources

How to hold on to the best staff

Losing staff can effectively kill a small business because your employees cover a range of tasks.

THERE ARE TWO WAYS of looking at high turnover rates: are you getting the right staff in the first place, and are you making sure that you are keeping your best staff?

Losing staff can effectively kill a small business because your employees cover a range of tasks. To make sure you keep your best staff, consider areas such as work culture, feedback and incentives.

Involve your employees in the work culture

Small businesses have a great advantage over larger ones, in that they can be closer to their staff as well as their customers and suppliers.

As a small business, you should have a much better chance of avoiding the back-biting and rumour-mongering often associated with larger companies, and which can lead very quickly to dissatisfaction at work.

Keep your employees up to date with the progress of the company and any developments that are likely to happen in the near future.

It is vital that your employees feel involved and valued, and understand their role within your company and how they can contribute to its success.

You don't need to spend money to create a positive and happy work environment, but it can go a long way towards motivating and retaining your staff. Ensure you make employees feel welcome to both the company and the job – this could be done through an induction process.

Katie O'Connor, career expert at <<http://www.monster.co.uk>>Monster.co.uk, recommends the following.

- A good induction into the company, with on-the-job training and a buddy system. The first three months of employment with a new company can make a big impression.
- A competitive salary and benefits package, which perhaps offers flexible benefits, thereby offering benefits more suited to the individual.
- Training and development programmes, offering career progression, promotion or perhaps even a change in career.

Regular feedback is key

According to O'Connor, you should have an effective appraisal system in place, that allows for realistic, but challenging objectives.

There should also be interim reviews, to ensure objectives have not changed and to give an opportunity to identify training and development. Consider who is best placed to carry out the reviews — in some cases it may be more appropriate to use a middle manager.

This is someone employees could see as more approachable, and they are likely to be more open and honest with their feedback.

Feedback is also an important aspect if your staff do decide to leave. Hold 'exit' interviews if possible, particularly for key staff, which will help you identify any problems going forward. Try to be positive when people leave.

There are two ways of looking at people leaving: a bad leaver is someone who goes without any warning and will leave to work for, say, a competitor.

A good leaver will have flagged up any particular problems beforehand, and let you know about any concerns with the work and the company — this is obviously the type of culture you want to create. Make sure your staff talk to you first if they are thinking of leaving.

This will avoid the feeling of 'this is the first I knew of it' when one of your employees leaves. Negative comments from staff should not be ignored – instead take them on board and find out why your staff have raised those issues.

Incentives

Consider the benefits you provide — can these be improved in any way? What motivates particular employees? Each of them will be motivated to do the job by different factors.

For example, some will be motivated by security, others by the challenges presented by the job, and others by career development opportunities — ensure that their work reflects what they want or expect from their job.

Ensure you recognise and reward your employees' achievements. Increases in pay are often not an option for small companies, so find a way that does not involve straightforward pay. This could be group days out, or brainstorming sessions combined with a fun activity.

Another way of rewarding employees that does not involve paying cash immediately is to set up performance-related pay and bonus schemes — these can work well at particular times of the year, such as Christmas. Profit sharing and other ways of giving your staff a stake in the business can also be a good retention policy. Think, too, about introducing flexible work patterns.

"Flexible working can involve job share, flexi-hours, internal transfers, job rotation and sponsorship for professional education," says O'Connor.

It's essential to tackle staffing problems from the outset, as failure to do so can lead to a low company morale and poor service, which will have a knock-on effect with customers' confidence in your business.

If you experience recurring problems retaining staff, examine turnover trends. Look at whether people tend to leave within the first few weeks or months of the job, and whether certain areas of your company have a higher turnover rate than others.

Then ask yourself the following: are the

(concluded on page four)

4.



Managing Worried about your controls?

THERE IS NO ROOM for complacency in business.

In order to prevent a financial crisis it's necessary to spot any weaknesses as soon as they arise.

That way you can take whatever steps are necessary to prevent them becoming too serious.

Anyone running any kind of business should be using the following management practices as an early warning system.

Every company director and owner-manager should:

- have a current written business plan
- review costs and overheads as well as sales
- prepare regular management accounts
- prepare annual projections and cashflow forecasts
- review actual performance regularly against the projections
- prepare and use aged debtors and creditor lists
- meet partners or co-directors regularly to formally review progress
- know how much the business owes and how much it is owed at any given moment in time.

And, if you are a sole trader, you should regularly allocate time specifically to understand your financial position.

You should be as honest with yourself as possible about employing these practices. If you don't really stick to these disciplines and it makes you feel uncomfortable to admit it, seriously consider seeking professional advice at once.

Paying an accountant, qualified business adviser or licensed insolvency practitioner to do your financial housekeeping could be the wisest move you'll ever make. ■

SOURCENOTE: Andrew Andronikou, a partner in the Turnaround and Recovery Department at the London office of national accountancy group Hacker Young.

Quiz

Do you qualify as a 'professional?'

The following short quiz consists of 4 questions and tells whether you are qualified to be a 'professional'.

SCROLL DOWN FOR EACH ANSWER. The questions are not that difficult.

1. How do you put a giraffe into a refrigerator?

The correct answer is:

Open the refrigerator, put in the giraffe and close the door.

This question tests whether you tend to do simple things in an overly complicated way.

2. How do you put an elephant into a refrigerator?

Wrong Answer: Open the refrigerator, put in the elephant and close the door.

Correct Answer: Open the refrigerator, take out the giraffe, put in the elephant and close the door. This tests your ability to think through the

repercussions of your actions.

3. The Lion King is hosting an animal conference. All the animals attend except one. Which animal does not attend?

Correct Answer: The Elephant. The Elephant is in the refrigerator. This tests your memory. OK, even if you did not answer the first three questions correctly, you still have one more chance to show your abilities.

4. There is a crocodile-infested river you must cross. How do you manage it?

Correct Answer: You swim across. All the crocodiles are attending the Lion King's animal conference. This tests whether you learn quickly from your mistakes.

According to a well-known top-4 consulting firm, around 90% of the professionals they tested got all questions wrong.

But many pre-school children got several answers correct.

The researchers concluded: "This conclusively disproves the theory that most professionals have the brains of a four-year-old". ■

DTI warning

Steer clear of these fake driving licences

Businesses are being warned to avoid buying documents claiming to be 'International Driving Licences'.

AN ENQUIRY BY DTI's Companies Investigations Branch revealed that up to 4,000 of the documents — costing £450 a time — have been sold by London-based company Daryadel Enterprises Limited.

The licences indicate that they are issued by the 'United Nations International Drivers' Association' and endorsed by the State of Florida, USA. They also

claim that these entitle people to drive in Great Britain and elsewhere.

Consumer Minister Melanie Johnson confirmed that the licences do not entitle motorists to drive in Great Britain, and warned that thousands of the so-called 'International Drivers' Licences' are still being used by unwitting motorists.

"All motorists are at risk when something like this happens," said Miss Johnson. "We have petitioned the High Court to put a stop to it, but people relying on these licences should stop driving immediately."

DTI's investigation found that the company advertised the licences in ethnic newspapers. Most applicants were from Iran, Iraq and Turkey. ■

"Are the procedures you are using recruiting the right people?"

KEEPING THE BEST STAFF (concluded from page three)

procedures you are using recruiting the right people? It could be that you need to change the way you are recruiting – for example, if you are finding it hard to fill one job with one person, it may be worth considering offering the job to two part-time people to share. ■

SOURCENOTE: For more tips on retaining your staff, check out the latest edition of the LloydsTSB SMALL BUSINESS GUIDE – <<https://secure.widearea.co.uk/gci/campaigns/529/SmallBusinessGuideintro.html>> special offer for BUSINESSGO readers.

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