

Moving to a 'more for more' business culture

A PRACTICAL GUIDE FOR SERVICE SECTOR BUSINESSES



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Business Services Insights Report

FOREWORD

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The customer mantra ‘we want more for less’ seems to crop up with remarkable regularity when discussing budgets and plans for the year ahead.

Instead of giving into such cost pressures, however, most forward looking business services firms realise that the key to growth is convincing customers that they are worth ‘more for more’ – but how should they go about it?

Regardless of the type of services on offer - recruitment, marketing, legal, accountancy or other professional services – instilling a quality driven culture can help to improve the firm’s value proposition. The ability to deliver a consistently high standard of service, delivered by a loyal, skilled and motivated workforce, will enable the company to charge a premium for its services and support the firm’s organic growth.

Finding time to invest in a quality driven culture is not necessarily easy of course. In particular, those at the head of the organisation must be prepared to lead from the front; communicating the organisation’s vision and values in a compelling way and empowering workers to take positive action in the best interests of the their clients.

Business leaders must also make the right strategic choices. In a world where routine services are increasingly being outsourced to low-cost providers, or being automated, service sector businesses need to adapt and look for ways to drive value across their organisation. To achieve growth, they must focus on quality while improving efficiency and investing in a people strategy.

These are challenging times for service sector firms – some will fly and others will fall by the wayside. Those that don’t adapt will find they are unable to keep pace. Those that really understand what clients and employees want from them and centre their business proposition on this will thrive in the future.

Martin Atkins
Head of Business Services



THE BIG PICTURE

Responsible for the lion share of UK GDP, small and medium-sized business services firms are finding it harder to achieve growth in uncertain economic times.

The service sector has been growing strongly in recent years and is responsible for close to 80% of UK GDP. However, surveys show that growth in the sector has slowed in Q2 2016, probably due to delayed investment decisions, and there is some concern about what this might mean for the economy as a whole.

To make matters worse, many service sector businesses are finding it harder to recruit people with the right skills and this is threatening to de-rail their growth plans. The [UK Employers Skills Survey 2015](#) shows that 23% of job vacancies in the UK are considered hard to fill because employers can't find people with the right skills or expertise.

To put the skills shortage in the sector into perspective, a monthly [jobs report](#) published by the Recruitment and Employment Confederation (REC) for the month of May 2016 indicated that while the skills shortage is affecting virtually all parts of the economy, accounting & financial and IT & computing specialists are among those in high demand.



Moves to either automate, or outsource, low value, transactional services have altered job roles in the sector. New entrants to legal and accountancy firms, for example, no longer get the chance to cut their teeth on routine work, such as preparing a set of business accounts or drawing up standard legal documents, as much of this activity is no longer required. Instead they must be trained to deliver frontline client services, where they can add value to client relationships. Once trained, these skilled employees must then be retained so they can deliver value back to the business. For small and medium-sized firms, losing skilled members of staff can lead to a skills gap and have a disruptive effect on business performance.

To counter the prevailing uncertainty and move with the times, service sector businesses must focus on delivering high quality services, while strengthening their employer brand and investing in the reward and development of talented people.

How to instil a quality driven culture:

Establishing a quality driven culture will help to ensure the survival of the firm and position it for growth.

Service sector businesses are more reliant than most on the quality of their people. Well motivated, skilled workers who are empowered to deliver a high quality service are proactive agents of the business and can deliver lasting value to the organisation. But how do you ensure they share the same vision and pursue the same goals?

For small and medium-sized firms, it may not be possible to employ a dedicated HR professional but, without such skills, it may not be possible to attract and retain talented employees. Instead, outsourced support can be used to develop employee engagement strategies, devise remuneration and reward packages and implement effective appraisal systems that prioritise professionalism and quality. Expertly run training programmes can also be developed to reinforce these ways of working as the business grows.

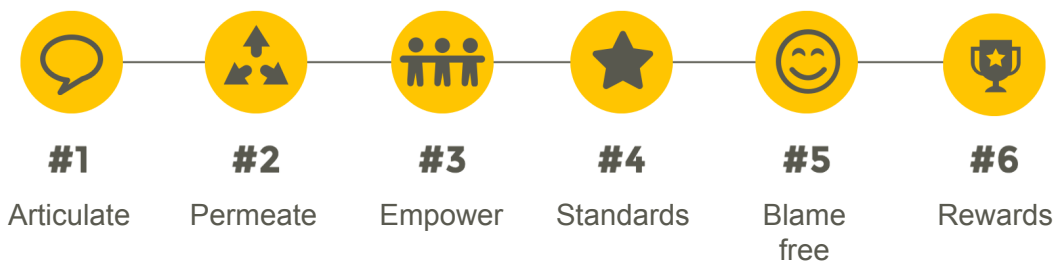
“Seeking strategic advice about how to instil a quality driven culture can deliver measurable results in terms of profitability and growth.”

Ed Hussey

For businesses set on growth, seeking strategic advice about how to instil a quality driven culture can deliver measurable results in terms of profitability and growth. Some business leaders may need convincing that enhancing the culture of an organisation and improving employee satisfaction will have an impact on business performance but such value can be demonstrated using the [service-profit chain model](#).

Steps to instilling a quality driven culture:

Businesses that want to drive quality across their organisations should embark on the following six step action plan:





#1

Articulate

Business leaders must be able to articulate a clear business vision and a set of values that represent where the business wants to be and what it wants to be known for. It is vital that these important reference points are understood by all employees. If necessary, workshops should be devised to coach staff in the behaviours that will need to be adopted so that they start to live and breathe the firm's cultural ethos.



#2

Permeate

Once the cultural ethos of the firm has been identified and communicated to all employees, it needs to be worked through the business model so it becomes part and parcel of the way the company operates every day. The vision and value system of the business should be implicit in everything the firms says and does – from the hardware it uses, to the look and feel of its offices, marketing collateral, customer services and training programmes. Each facet of the business should consistently tell the same story about the business and what it stands for.



#3

Empower

To ensure the business is able to deliver high quality services as it grows, it is necessary to empower workers to act as brand ambassadors. Training is likely to be needed to ensure the firm's vision and values are clearly understood and to ensure that individual employees are able to present the firm to the marketplace in a positive and impactful way. Identifying star performers to lead the charge to market can inspire others to raise their game and encourages a focus on self development.



#4

Standards

Establishing standardised ways of doing things will help to ensure quality standards are met in every customer interaction. Understanding the cultural ethos of the firm will also help to make these standardised ways of working second nature, so employees no longer have to think about whether they are doing the right thing in the right way – they will do so automatically.



#5

Blame free

A blame free culture will encourage employees to be open about errors and mistakes, so they can be dealt with quickly and effectively. In general, customers don't expect business services firms to be infallible but they do expect any issues to be managed in a professional and up-front way. Establishing an open and honest culture where it is safe to report issues internally will enable the business to take appropriate action.



#6

Reward

Most managers know that rewarding the right behaviours will ensure they are repeated time and again. Applying this principle, linking performance based criteria to reward mechanisms such as flexible working, pay reviews and bonus payments will underline the importance that the organisation is placing on quality standards.

Case Study:

Arkesden Partners

Scaling up the culture way



Client information:

Business: Arkesden Partners Ltd
Founded: 2008
Sector: Recruitment firm
Location: City of London
Owner: Entrepreneur and CEO, Adam Cairns

Overview

With a strong track record in finding just the right candidates for jobs in the City's financial sector, [Arkesden Partners](#) has grown rapidly since starting up in 2008. With a robust business plan in place and a workforce of 20 people, the firm is aiming to scale up significantly by 2019 – expanding into new sectors and doubling the number of employees.

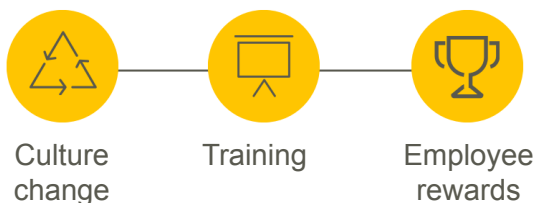
The aim - scaling up

Despite strong growth, the firm's founder recognised certain changes needed to be made to meet the longer term objectives of the business. In particular, the culture of the organisation needed to become more transparent and information about the business plan and internal pay structures should be shared with everyone. The business also wanted to do more to attract and retain talented people, particular at managerial level.

“*Changing our culture has helped workers to understand their role in the business and feel empowered to grow their own client portfolio and develop their own niche. We have laid the business plan out in front of them and shown them that there is a real opportunity to share in the company's future success.*”

Adam Cairns, CEO, Arkesden Partners Ltd

The solution



A new corporate vision and set of values were introduced. In particular, workers were encouraged to demonstrate 'empathy' in all their interactions with candidates and clients in order to differentiate its services from those of other recruitment businesses.

A proactive recruitment strategy, spanning a variety of channels, was put in place with the aim of making two or three hires each month. Training was used to support these changes – encouraging workers to become more commercially aware and adopt the new values.

To build a strong, well motivated management team, business advisers at Menzies, advised the firm to create an Enterprise Management Incentive (EMI) scheme to reward high flyers. The scheme allows the company to grant options over shares to key employees and, once exercised, these share options give the employee a real stake in the business, which they can benefit from over time.

“The firm has achieved much in a relatively short time and is on an exciting growth trajectory. The steps that have been taken to establish a quality driven culture and nurture talent in the organisation have created a solid platform for growth.”

Tim Dunn, Business services partner, Menzies LLP

Maintaining a quality driven culture:

Establishing a quality driven culture is all well and good, but how do you keep it that way?

It is not enough for businesses to go through the motions of introducing a new corporate vision and set of values and think their work is done, only to revert gradually to the bad old ways of doing things in the days and weeks that follow.

The acid test for any culture change initiative that is focused on quality is whether the organisation becomes more successful at recruiting and retaining talented people. This requires consistency and a commitment to understanding what customers and employees really want.

Strategies for maintaining a quality driven culture:



Invest in training



Understand what clients want



Realise staff potential



Retain talent



Invest in training

To address this, businesses need to take a long-term view and invest in training to upskill the workforce. For legal or accountancy firms, for example, this may involve keeping some routine account work in-house to provide trainees with an opportunity to gain valuable experience as they progress their professional qualifications. Keeping a long-term view is essential because it could take three or four years for an individual trainee to reach a standard of attainment, which will allow them to start adding value to the firm's service offering. In the case of recruitment or marketing agencies, a structured training programme, combined with on-the-job coaching, can help to bring recruits up to speed more quickly.



Understand what clients want

Understanding what matters most to clients is crucial for any business services firm but soft skills such as empathy are not always easy to find.

For example, a client might contact his accountant requesting a statement of earnings for the last three years for the purpose of securing a mortgage to purchase a new home for him and his family. What might seem a trivial task for a professional chartered accountant, is probably extremely important to his or her client. If

the accountant fails to appreciate the urgency of the request and prioritise the task accordingly, the client relationship could suffer.

“Understanding what matters most to clients is crucial for any business services firm but soft skills such as empathy are not always easy to find.”

Martin Atkins



Realise staff potential

It is important that individual workers understand their role as part of the organisation and feel empowered to deliver their best work. But how do you tell workers they are worth it?

A quality driven culture is one where managers delegate responsibility to staff and empower them to speak to clients so they can gain hands-on experience of service delivery from day one. Support is required of course and it is important to set clear boundaries, so employees know what to do if they are asked for advice in areas where they lack the necessary training or qualifications.

A rewarding place to work is also one where individuals feel fulfilled in their current role and there is an opportunity to acquire new skills. For the employer, this means having a detailed understanding of each employee's skillset and providing them with an opportunity to use these skills. For service sector firms, it is likely that some staff will already have some of the softer skills suited to building relationships with other team members or with clients, whilst others will have stronger technical skills. Putting people in roles that play to their strengths, whilst also leaving room for them to grow, will help to create a positive culture.



Retain talent

Retaining talented people in a competitive job market, where there is a shortage of skills, requires strategic planning and ingenuity. Employers need to find out what employees really want and make sure they provide it.

Most employees will be attracted to organisations that provide training and present a clear pathway, so they can see an opportunity for career development. Of course, reward and remuneration packages also need to be attractive and reflect the organisation's positive culture.

Introducing a flexible benefits package, which is tailored to individual preferences, can help to incentivise workers and present the business as a great place to work. The opportunity to buy or sell holiday is often viewed positively by millennial workers who tend to place a high value on leisure time. Other concessions that introduce flexibility over working hours so workers can pursue other interests are also popular.

“Some services sector firms may find they are unable to qualify for tax beneficial EMI schemes, so they may need to explore other, creative ways to motivate staff and retain talent.”

Simon Massey

Many businesses in this sector could find they are unable to implement tax beneficial share incentive schemes, such as the EMI scheme, either because they are not privately run companies or they fail to meet other qualifying criteria. In such cases, it is necessary to seek specialist advice and explore other, creative ways to motivate staff and retain talent.

Other incentives such as a bonus scheme and an internal awards programme, which is designed to recognise team or individual achievements, can help to create a positive and rewarding workplace for talented people.

As important, however, is the ability of individual managers in the business to relate to their team members' needs, provide them with feedback and support and champion their development.

AFTERWORD

In today's more challenging and competitive markets, being open to change and putting quality first are essential for service sector businesses that are set on growth.

“Finding the time and money to invest in making positive changes and developing a ‘more for more’ culture requires vision, commitment and a willingness to take risks.”

Martin Atkins

Outsourcing business support services covering everything from preparing business accounts and forecasting to HR strategies and payroll management can help to free up the management resources needed to lead the way to a quality-driven culture.

CONTACT

For more information about outsourced HR services and adopting a quality-driven culture, contact the [Business Services Team](#) at Menzies.



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