



## WHAT'S IMPACTING BUSINESS SERVICES?

The business services sector has delivered strong growth since the last financial crisis and the UK has gained an impressive international reputation for expertise in fields such as legal services, accountancy, financial services, media, advertising and management consultancy. Other sectors including recruitment services and marketing firms have also experienced strong growth. Contributing £186 billion to UK Gross Value Added and employing around 4.6 million people, this diverse sector is vital to the UK economy and has a particularly high concentration of SMEs.

### KEY CHALLENGES



#### MEDIA

Media sector businesses continue to face significant disruption, due to ongoing digital transformation and changing consumer expectations and behaviours. For media publishers, reduced advertising revenues and circulations have impacted their business models and monetising digital services has proved challenging. Budgets for brand-building services, such as those delivered by PR, marketing and digital agencies and website generators, have remained strong as many brand owners view online presence as a key means of differentiation.

Challenges facing the media sector include achieving growth in a shifting marketplace, strategy, embracing the latest digital technologies, people management and consolidation and partnership.



#### RECRUITMENT

The UK recruitment sector has continued to thrive in recent years with the number of agencies increasing to more than 40,000 and the sector currently contributing close to £36 billion to the UK economy. The sector is however one of the first to experience the impact of changes in business confidence, so cash flow management, financial modelling and strategic planning are all important for successful businesses operating in this sector. Like many other sectors, recruitment is seeing increasing disruption as technology changes the nature of services and industry dynamic.

The skills shortage within the UK labour market continues to increase competition between employers and agencies alike. Further challenges for the sector include data security and regulatory and tax compliance, whilst consultancy, talent management and diversity all present opportunities for recruitment agencies to differentiate their offering.



#### FINANCIAL SERVICES

The financial services sector has long been one of the UK's most attractive economic assets. There are certainly challenges with many companies, large and small, looking to establish a presence on the continent in response to Brexit. However the FinTech revolution is still burning strong with the combination of ideas and talent leading to London being dubbed the 'FinTech capital'.

Insurance brokers face stiff competition due to the high volume of new entrants and growth in the use of cost comparison sites. Additionally, fund managers are fighting to deal with recent changes to regulation. For both, customer relationships remain key and ensuring that the level of service far outweighs the potential benefits of the alternatives. Data security and the use of technology are other areas that should be reviewed to ensure they are not holding the business back. Across the whole of the Financial Services sector talent management is a key consideration, the best staff know their value and it is important to incentivise them not only through remuneration packages, but with other benefits that make their working life more comfortable.



#### LEGAL SERVICES

The UK legal services market is facing wide-ranging challenges due to a shifting regulatory environment and other disruptive factors, including economic and political. Since deregulation, competition in the sector has increased sharply, from the growing number of internet self-help sites, well-funded technologically advanced disrupters and even the larger Accountancy firms. This is putting pressure on profits and driving market consolidation along with the ongoing issues of succession and retention and recruitment of key staff and partners of the future. Other challenges facing the legal sector include cost certainty for clients, data security, technology and cash and profit management.

# WHAT OUR CLIENTS SAY



*We have now used Menzies for several years following a management buyout and have found their approach, experience and knowledge exceptional. From an audit perspective the staff on all levels are friendly, approachable and all audits have been carried out in a lot less intrusive manner than previously experienced. Menzies take into account the size of the business, the potential risks involved and adapt as necessary. This means that the audits are carried out with minimal impact on the day to day running of the business.*

*Such is our level of confidence we have with Menzies we have also used them for Corporation Tax purposes, Enterprise Management Initiative Schemes and various other issues that often arise during the day to day running of a Financial Services business. The management team are always happy to reply to emails or pick up the phone to answer or assist wherever they can.*

*From a Finance Professional perspective I also benefit from their CPD and regulatory update seminars which are effective, concise and focused.*

**David Bew**  
Financial Controller  
Direct Life & Pension Services Ltd



*For over ten years I really valued the prompt and efficient service from Penny Howe, Peter Noyce and all of Menzies legal sector specialists team. This covered guidance on performance, tax planning for both my practice and myself as well as strategy discussions. Menzies assistance and availability during the sale process of my practice was very much appreciated.*

**Clive Matthews**  
FMW Law Limited



*The team at Menzies is efficient, helpful and always willing to support. As a fairly new business owner, the transparent payment schedule as well as the ongoing advice is crucial for me. Couldn't have started the business without you, and couldn't continue to run the business without you either! You're all great - from payroll and invoicing, to the bigger bits of advice.*

**Alia Al-Doori**  
Managing Director  
Pearl Comms



*Our company is now in its 10th year of trading and we have worked with Menzies since day one. Tim and his colleagues continue to provide invaluable support to myself and the business, both in terms of ensuring compliance matters are attended to with the minimum of fuss, but also using their experience and insight in respect of strategic planning and helping fulfil our longer term goals.*

**Adam Cairns**  
CEO  
Arkesden Partners Limited



## CONTACT THE TEAM AT

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