



Enterprise

Thought leadership for entrepreneurs,
growth companies and their advisers

Spring
2017

The international conundrum

Brexit, Trump and business —
what does the future hold?

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Nick Plummer, founder and
CEO of K2 Corporate Mobility





Foreword

Agility is the name of the game

In the wake of the triggering of Article 50, there are changes on the horizon for all sectors of the UK and global economy.

Sitting in the eye of the storm, waiting for the negotiations to unfold, there is for many some sense of 'business as usual' in the market today. However, as this issue of Enterprise shows, no ambitious business can sit and wait for opportunities, or risks, to come to them.

In this edition, we examine the potential shifts in trade patterns and the opportunities that might emerge for SMEs. A major theme that has been emerging is agility and how this characteristic can be leveraged for competitive advantage.

This crosses all disciplines including vision, corporate and management structures, talent, access to finance, the development of new markets and the use of data and technology.

There are no sacred cows and although uncertainty undoubtedly lies ahead, opportunity does too. However, nothing happens by accident.

As Earl Nightingale, an innovative restaurateur & entrepreneurial revitaliser once said 'Luck is when preparedness meets opportunity'.

Whether you're an early stage or established business wanting to grow, our specialist entrepreneurs team has the energy and expertise to support your growth. Wherever you are on the spectrum, do contact us to find out more about our extensive range of services and our events and insights programmes. We will be delighted to help.



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Accessing finance in a post-Brexit world



Will Brexit affect the ability of growth companies to secure funding?

The UK is one of the best places in the world to start and grow a business. This is helped by attractive tax incentives for private investment in unquoted companies, including the Seed Enterprise Investment Scheme, the Enterprise Investment Scheme and investment from Venture Capital Trusts. Funding from these sources is often central to the survival and growth of businesses in their early years.

These tax-efficient investment schemes currently fall within the EU state aid provisions as tax-advantaged 'risk-based schemes'. Many of the rules restricting the type and size of company that can benefit from them when raising finance have until now been dictated by the EU.

Once we have exited the EU, the UK may become free to amend and improve the schemes as it sees fit, offering greater flexibility around qualifying companies. But until the mechanics of our departure from the EU kick in, we can expect business as usual for these schemes.

Growth funding

So far, it seems that the uncertainties of Brexit have had little short-term impact on the ability of companies to obtain growth funding. Indeed, according to a report by research consultancy, Beauhurst, which looked at all equity investment in UK start-ups and high-growth companies in 2016, there was no significant drop in deal numbers after the EU referendum.

One worry is that the European Investment Fund, which invests EU funds in small businesses, has slowed its investment into UK venture capital funds. This source of finance could disappear after Brexit. However, in his Autumn Statement, Phillip Hammond sent a bolstering signal of support to growth companies through his plans to inject an additional £400m of venture capital funds into the British Business Bank, targeted at UK scale-ups.

In addition, growing businesses now have a far wider choice of funding options with the rise of peer-to-peer lending and crowdfunding platforms, as well as various government-backed schemes.

What about UK tech?

For the past couple of years, commentators have been debating the future of the UK's tech sector, with many believing it's overheated and heading for a repeat of the dotcom bubble. Is Brexit a trigger for funding challenges ahead?

Venture capital funding into UK fintech companies dropped by a third in 2016, according to Innovate Finance. It says the UK's fintech startup sector is suffering from the Brexit effect, driven by uncertainties around future passporting rights and access to the European talent pool it relies on so heavily.

Still open for business

It's clear that there will be some short-term wobbles as we adjust to any changes around access to talent and investment post-Brexit. But with so many advantages, we can be confident that the UK will continue to be a leading global hub where international investors and companies meet to do business. The UK is unique, with a stable legal and regulatory infrastructure. In addition, we have the English language, GMT, a global reputation for talent and service, as well as a track record of championing innovation and entrepreneurship.

The appetite for investment in UK companies has mostly remained solid in the wake of the Brexit vote, and there is every reason to believe that this will continue in the future.

SEIS & EIS provide funding to unquoted, often high risk, investments which are illiquid. There is therefore a risk of losing all or part of your investment and no capital or other return can be guaranteed.

To find out more about SEIS and EIS, please contact Adrian Walton on 020 7131 4180 or adrian.walton@smithandwilliamson.com



The end of globalisation (as we know it)?

With free trade apparently under threat in the Western world, what does the future hold for UK businesses seeking international expansion?

First Brexit, then Trump and now the prospect of pro-nationalist parties gaining influence across Europe - globalisation is under fire across the Western world.

Against the backdrop of a more challenging and unbalanced global economic environment and with people and businesses everywhere facing greater uncertainty, free trade has become an easy target for politicians and some sections of the media who blame globalisation for a widening gap between rich and poor.

The great debate

The rise of the populist, protectionist agenda is just the latest reaction to a global economic system that many believe still hasn't recovered from the 2007/08 financial crisis. Western voters are trying to 'take back control' by electing governments that promise to put a stop to the perceived excesses of globalisation.



... regardless of the UK's future trading relationships with the EU and the US, British businesses may need to rethink their focus.



Yet in China and other emerging economies the appetite for globalisation and trade remains strong, given the benefits these economies have enjoyed over the past few decades thanks to external demand for their cheap labour and goods. China's rise has been fuelled by exports, so it was no surprise that Davos heard President Xi Jinping defending the ability of globalisation to lift people out of poverty.

New world order?

Brexit negotiations are only just getting underway and it's still early days for Trump. The impact they have will take time to bed in, but it's clear that the established order of global trade is likely to change.

The rules, freedom and ease of trade with the EU are our immediate focus and businesses will have to adapt accordingly. But the benefits of trade are so strong for both parties that it seems implausible that the EU won't continue to be the UK's most important market, followed by the US, for many years to come.

Theresa May's meeting with Mr Trump in the first days of his presidency culminated in promises of a trade agreement and a continuation of the 'special relationship'. Our common language, strong historical links and business culture have always made the US an attractive market for UK firms and this will surely continue.

But regardless of the UK's future trading relationships with the EU and the US, British businesses may need to rethink their focus.



'Made in Britain' still carries considerable kudos across the world...



Refocusing our exports

Once free of EU rules binding trade with the rest of the world, the UK will be able to negotiate new trading relationships. And British businesses have shown, time and again, their ingenuity at grasping new opportunities.

According to the Office for National Statistics, UK exports grew at a faster rate than total world export growth last year for the first time in over a decade, with businesses already increasing exports to non-EU countries.

So although UK exports to emerging markets are still much smaller than to the EU or US, they're already becoming more important, partly driven by the successful growth of these economies, their emerging middle classes and growing consumer spending.

The UK's largest export sectors are machinery, transport and business and financial services, with services in general rapidly closing the gap on exports of goods. But there's a world of opportunity out there for UK businesses across innumerable sectors and there are good reasons to believe that Theresa May's vision of the UK as a hub for international trade may be realistic.

Building global trading relationships

In January, the Government published its new industrial strategy green paper, which sets out how it will support businesses to develop in new sectors and increase exports. The paper calls for protectionism to be resisted and for global trade to remain free and open in order to support investment and exports - all integral to the UK's industrial success.

The UK is the world's fifth largest economy, with enviable businesses, scientific research and cultural prowess, enabling us to attract investment and talented individuals from around the world. China, Canada, India, Mexico, Singapore and South Korea have already said they want to discuss future trading relationships, and the Government has established working groups with key trade partners such as India and Australia.

'Made in Britain' still carries considerable kudos across the world and the UK's long-established reputation for high standards, quality of workmanship, creativity and, increasingly, our technological know-how can give exporters a head start in new markets.

Where to?

China's flourishing middle class is still hungry for imports despite the slowdown in the world's second biggest economy, and the country is fast becoming the world's largest luxury goods market. UK exports to China more than doubled between 2010 and 2013, yet we still export more to Ireland than to China and Hong Kong combined.

The UK has a long history of trading relationships with the 52 countries of the Commonwealth, which make up about a third of the world's population. A recent survey conducted by Lexis highlighted the unique opportunities of the Commonwealth for exporters looking to grow their businesses overseas.

India is the fastest growing large economy in the world, driven by its enormous and very young population. A staunchly pro-business Indian government has been going to great lengths to reduce trade barriers and make life easier for overseas investors.

The number of UK SMEs exporting to South America has nearly doubled since 2011, with the important gateway of Brazil topping the list, despite its onerous and complicated taxes. Argentina is enjoying a resurgence and has recently abolished import licences.

Saudi Arabia is the UK's biggest trading partner in the Middle East, alongside other stable regimes in Kuwait, Qatar and Bahrain, where British-made luxury goods, especially cars, remain very popular. Then there are the opportunities created by the recent lifting of sanctions on Iran.

The ASEAN economic region, including Singapore, Malaysia, Thailand, Vietnam, the Philippines and the emerging IT hub of Indonesia, is home to 620 million people, a larger market than the EU. Singapore currently accounts for around half of UK trade to the region.

Many of the fastest growing emerging markets have undoubtedly become safer and easier places to do business, but expanding into new export markets is not without its perils. In addition to the currency, credit (not getting paid) and liquidity (not getting money back home) risks of doing business overseas, each country comes with its own challenges and opportunities.

Given the shifting global trade patterns that are likely to emerge in the years ahead, now more than ever will UK businesses need to be on their toes. For international business advice and support, Smith & Williamson, together with its extensive international connects is ready and well placed to assist.

To find out more information on international business services, visit www.smithandwilliamson.com

A person is seen from the side, looking out of a circular airplane window. The person's face is in silhouette, and their hand is resting on their chin in a thoughtful pose. The window is brightly lit, creating a strong contrast with the dark interior of the plane. The person is wearing a patterned shirt and a watch on their left wrist.

Going for growth: exploring international markets



International markets can be an alluring option for entrepreneurs looking to expand. Here's how they can assess the risks to access the rewards.

Entrepreneurs rarely follow the well-trodden path to business growth. While traditional SMEs often opt for the path of least resistance, choosing comfortable progression instead of more challenging terrain, scale-up entrepreneurs consider high-reward options that can offer the fastest track to growth.

Gradual organic growth can offer a less risky approach to expansion but, in times of turbulence slow and steady doesn't necessarily win the race. As markets fluctuate, the common trait exhibited by successful businesses is, increasingly, agility. Being able to react and respond to changes as they arise is a key characteristic and advantage of entrepreneur-led businesses.

With the UK's relationship with the EU uncertain, and our future trading framework with the rest of the world far from settled, now may not seem like the best time to look towards regional or global markets for growth. Yet appearances can be deceiving. For ambitious entrepreneurs, accessing international markets can offer the perfect opportunity to leverage their agility and facilitate rapid expansion.

Identify the opportunity

How can you tell if an international opportunity is right for you? Once you've identified demand for your product or service in the market you're targeting, it will be time to address the challenges.

Who are your international counterparts? Where can you develop your key strategic relationships? Before you move into any formal arrangements, it's crucial to take advice from experienced professionals on the ground. Even if you are familiar with the location from personal experience, its business landscape could be very different.

Investing in a thorough research and due diligence process will go a long way to mitigating risks later on. Should this initial investment lead to a dead-end, and you choose not to continue with the venture, it will still prove more cost-effective than the alternative: a time consuming and potentially expensive international presence that fails to achieve its purpose.

With the basic due diligence completed, there are several ways to extend your reach to your target market, ranging from a simple distribution agreement to a fully-managed presence on the ground. At each incremental stage, there are inevitably greater risks, but for scale-up entrepreneurs with a fast growth, high reward mindset, those risks are often outweighed by results.

Distribution agreement

Opportunity: A low-risk and cost effective way to test your product or service in a new market.

Risk: Without careful management and strong communication with your distribution partner, it can be difficult to gauge success: your overseas partner has greater control.

Joint venture

Opportunity: A more collaborative option, this allows you to get your feet on the ground in partnership with someone who knows the market well.

Risk: Due diligence is essential. Potential problems can include legislative, financial, relationship and communication issues.

Acquisition

Opportunity: Purchasing a business on the ground can be a good option for scale-ups to achieve 'instant' market access.

Risk: Cultural, technological and administrative integration can be a challenge, with the added complications of language barriers and legislative variations.

Managing risk

Launching a presence in a brand new international market can be much like starting again from scratch. There are a whole host of differences, from the obvious language and cultural challenges through to regulation and compliance in areas including operations, labour and taxation. Mitigating these risks to maximise rewards requires thorough planning and due diligence.

To find out more, please contact Stephen Drew, Partner, International Services Group on 020 7131 4056 or stephen.drew@smithandwilliamson.com or visit www.smithandwilliamson.com/business/solutions/scaling-up-your-business

The 2017 Smith & Williamson Power 100

The Smith & Williamson Power 100, established in 2016 in association with Fresh Business Thinking, celebrates those who use their experience and expertise to provide vital support to help inspire, mentor, connect and professionalise the UK's up-and-coming businesses.

Without the dedication of individuals like those in our Power 100, many brands that are household names today would simply not exist – they are critical to the wellbeing of the entrepreneurial ecosystem.

Our 2017 cohort were all nominated by their peers and we were lucky enough to catch up with Michael Tobin and Sean Ramsden, who share their stories here.



Michael Tobin OBE

When LSE-listed data centre operator, Redbus was taken private in 2002, the company had just £6m in the bank to support monthly outgoings of £2.5m. Over the next five years of private

ownership, the fortunes of the business changed dramatically.

With CEO Michael Tobin at the helm, Redbus merged with rival Telecity and by 2007 a reinvigorated company was ready to return to the stock exchange. “When we delisted Redbus was valued at £23m,” recalls Michael. “We relisted Telecity at £400m and in 2014 sold the business for £2.5bn”

The successful turnaround of Telecity and its subsequent rapid expansion established Michael as an influential player in the digital economy. As mobile and conventional internet usage spiralled upwards, Telecity was, and now as part of the world's largest data centre operator still is, a key point of Europe's internet infrastructure. Michael's contribution to the digital sector was recognised by the award of an OBE in 2015 and a series of industry accolades.

Having stepped down as CEO of Telecity in 2014, Michael continues to play an active role in supporting the development of the technology sector in Britain through investment in a diverse portfolio of startups and his work as a non-executive director. He is also a committed advocate of the transformational power of tech to improve lives and businesses; - a commitment that even extends to Michael signing up for an RFID implant carrying micro-chipped personal records and virtual keys. “There is,” he says, “endless value in embracing tech as a tool.”

A Natural Progression

Michael's non-executive directorships include VR business Ultrahaptics, communications equipment company Satellite Solutions plc and New York based hybrid cloud solutions provider Datapipe Inc.

After more than a decade as the decision maker at Telecity, he acknowledges that the advisory role of a non-exec is very different to that of a CEO, but its not necessarily alien to his style. “There is a natural progression in business from the hands-on chief executive to the more advisory role of a chairman or non-executive,” he says. In that respect, one vital responsibility is to provide mentoring to the CEO to ensure there is talent coming through. “The best thing a leader can do is to create more leaders.”

Passing on Experience


It's a philosophy that he still applies. Having worked his way up the corporate ladder from an electronics apprenticeship (aged 16) at robotics company Rockwell, through senior sales roles before arriving at Redbus, Michael stresses the importance of having rounded business knowledge.

Today he is passing that knowledge on. As a NED he is not there to countermand the decisions of young CEOs but he can, for example, help them avoid the pitfalls of growing too fast and running out of cash. In addition to providing advice to his own portfolio of companies, he also offers mentoring to fast-growth companies via the ScaleUp Institute. “It's a way of giving something back and acknowledging that I've been lucky,” he says.

Technology Challenges

Assessing the challenges facing technology business, he says money isn't the problem, although there is a need for patient capital. “The biggest brake on technology is a reluctance to embrace change,” he says. “There is also still a need to conquer the fear of failure in the UK.”

In business terms, Michael sees the turnaround of Telecity as his biggest success, but perhaps more important have been his personal achievements, notably winning the respect of his peers and employees and (closer to home) bringing up his children to be wonderful, engaging and confident young individuals!



...instead of hindering British export industries, I think Brexit could actually allow UK businesses to develop their global activity and expand their horizons past Europe.

Sean Ramsden, Ramsden International



Sean Ramsden, Ramsden International

Although Brexit has brought uncertainty to many businesses across the UK, Sean Ramsden, Chief Executive of Ramsden International, feels it's actually an opportunity for SMEs looking to export.

Over the last 20 years Ramsden International has carved a unique niche as a B2B exporter of British food and drink brands to countries across the globe, generating a turnover of more than £50m a year.

In recent years, the company has diversified both its product offering and the markets it exports to. Part of its success comes from its agility; adapting to changing markets and identifying new opportunities. This, says Sean, is where SMEs should be ready to grasp opportunities as Brexit challenges the economic status quo.

"My view of Brexit is positive," says Sean. "Instead of hindering British export industries, I think Brexit could actually allow UK businesses to develop their global activity and expand their horizons past Europe. Markets in the EU haven't always been the most lucrative for British SMEs, in terms of profit and growth. With Brexit, SMEs could find themselves faced with more interesting opportunities in growing markets."

Ramsden International has had particular success in growth markets in the Middle East, Africa and Asia-Pacific, where an emergent middle class is driving demand for high quality products and branded goods. While the company originally exported solely to

markets with an ex-pat community, they now deliver to new markets with a growing taste for high quality, British products.

"I can only really speak for the food and drink sector, but in my experience, 'Made in the UK' seems to be a hallmark of quality for markets around the world. I think a lot of UK SMEs could leverage this reputation in the next few years."

That's not to say that international export is easy - or for everyone. "I'm passionate about encouraging SMEs to export, but it's not right for every business. Ask yourself, is now the right time to export? I've seen companies spending scarce resources on overseas activity, when really they would do better to develop their domestic market first."

"If it is the right time," adds Sean, "what's the best way to go about it? Plan carefully, be selective, and target the right markets. It's a constant learning process and you have to be ready to adapt."

During his time as chief executive of Ramsden International, Sean has had a clear vision for the company, focussing on the brand as "a pioneer in UK food and drink exportation". Having transformed an industry previously driven entirely by the food and drink manufacturers themselves, Sean feels it's this pioneering vision that has been key to Ramsden International's success.

"Yes, we've adapted along the way, but as a company we have always stayed true to our values and kept sight of our long-term goals," says Sean. "If you have an idea of where you want to be, it's a lot easier to get there."

You can hear from more members of our Power 100 in the 'Insights' section of our website <http://smithandwilliamson.com/business/insights/2017-power-100>

Nominations for the 2018 Smith & Williamson Power 100 open in October 2017.
#SWPower100

Big data, big deal?

The customisation of cognitive technologies promises to bring deep analytics to growing businesses. FDs need to be in charge of it, or face being displaced by it.



Richard Young meets Bink co-founder and CFO Greg Gormley. He explains how they're deploying robotic process automation, big data analytics and other cognitive tech to articulate, mitigate and manage risks, cost and opportunity in the finance function and beyond.

Data is the new fuel of business, we're told. Of course, most FDs know that this is, at best, only partially true. Whatever else shifts in commerce, cash is the ultimate energy source.

The challenge for FDs is that the slew of new technologies built around exponentially rising volumes of data is starting to affect cash in meaningful ways. Whether it's the investment we need to make in data and analytics to keep up, the power of cognitive technologies to drive efficiency, or the doors data opens, you can't afford to be left behind.

Greg Gormley knows this better than most: he's helped build a business around that understanding. Bink allows consumers to link all their store loyalty cards in a single app, boosting the issuers' reach with their more loyal customers, and creating a slew of data to boot.

"Data sits underneath everything we do," he explains. "Take grocery. The supermarkets pioneered loyalty cards, and incredibly smart uses for the data they collected. But the rise of contactless payments together with self-scan checkout has made data collection much less reliable. And that's where businesses like ours come in."

Bink is shooting for 10m users in the UK alone, so the volume of data will be huge. "We couldn't have managed that level of data ten years ago," says Gormley. "Just the fact that storage costs have declined exponentially is a huge facilitator for a business like this. We needed the whole system to be scalable too, and building on cloud-based, open-source systems means we can add fresh capacity at will."

Those same principles underpin not just data-rich businesses, but any growth company exposed to tech. Which is to say, every growth company.

The emergence of the internet of things and machine learning mean that many of the "dumb" tasks we undertake today will be automated soon. That's going to create a whole new dimension for scaling a business. Which means the FD has to be at the core of decisions on data now.

"FDs and CMOs want to understand their businesses in real time, but without being blinded by the data," says Gormley. "You need to be clear about how your business is working, about how you're making progress towards your strategic goals. That means being clear on KPIs; understanding what drives them; and being able to interrogate the right data in the right way to support better decisions."

For many companies, that could be a painful process. Picking the right applications and evaluating the potential to shift businesses models is now a critical risk management task.

"Of course data science is moving so fast, there will be blind alleys, not every technological advance is going to find a strong application or a clear return," Gormley concludes. "But for companies with a growth mindset and the agility to respond to developments in data science, there are going to be some massive opportunities."

Richard moderated The Contemporary FD, an event created and hosted by Smith & Williamson and Equity FD, a leader in sourcing Finance Directors into growth and PE/VC backed businesses.



The Lemon: a humble citrus fruit or deadly marketing tool?



I'm delighted to share with you one of the Business Growth Programme's (BGP) phrases - lemon squeezing! Anyone who has been through the programme will know that this is one of our tools for helping owner managers unleash potential growth from their existing clients. So how do we do it?

Firstly, let's talk about lemons! We all buy them. We all use them - or do we? I don't know about you, but I often need half a lemon for a recipe. I take the lemon, cut it, and put the other half in the fridge. And around a week later, I notice it lurking there at the back, looking a bit sorry for itself, and I put it in the bin. I have not got the juice out of my other half lemon. So the question we ask owner managers is this: have you forgotten to squeeze your lemons?

Most of us running businesses spend a huge amount of time winning work. We pour time and resources into meetings, proposal writing, and setting up new clients. And then we go and do the same again. What we can forget is that we need to go back to existing clients and see if they have another project, another piece of work that they may need some help with. This type of work is much less heroic than winning a new customer, but generally speaking it is a lot easier, as we have got a relationship of trust going, have proven our capabilities and may even be considered part of the furniture. This is obvious of course, when you think about it, but you may be surprised to hear that a lot of companies forget to ask their customers for more work.

When people come on the BGP it is usual for them to cover multiple times the cost of the programme from learning how to effectively focus on this one activity. So why haven't they done it before?

In my experience of working with owner managers, this can be partly about the people who deliver the projects and work. They are often at the next level down in the organisation and they see their role as 'doing the job'. They feel embarrassed in asking for work, and don't see it as part of their remit. So how do you get round this?

Sometimes simply explaining what is required and how to do it (including role play) can get people on board. Sometimes it needs to be explicitly set as an objective either in terms of outcomes (work won) or simply asking the question (how much information have you found out). Embedding the answers to these questions in weekly team meetings helps companies to maximise lemon squeezing as a process. This in turn feeds your knowledge about the immediate opportunity, and gets asking customers for new work into the cultural DNA of your business. Now that is a powerful type of fruit indeed!

Carol Foussat is the Deputy Director of the Business Growth Programme at Cranfield School of Management.

If you are interested in attending the Business Growth Programme, please contact Sharon Kennedy on 01234 758 122 or s.kennedy@cranfield.ac.uk

Growing pains: how to hold on to the start-up magic



Brands and companies increasingly realise that having a clear purpose will steer them towards success by building employee loyalty, customer preference and wider stakeholder trust.

Whilst ‘purpose’ can be seen as a buzzword, most brands have seen the benefit of being guided by one, especially when it becomes central to vision and strategy.

For growing businesses, however, the prospect of scaling up without losing the ‘magic’ that defines their ethos can seem impossible. These concerns aren’t unfounded.

Our *Fit for Purpose Index* shows that companies who are successful at embedding purpose into their business at large scale adhere to three key principles, no matter what their size or industry.

Purpose is clearly connected to the business

Purpose is most authentic when it is relevant to the business, but can be hard to maintain as a company grows. As this happens, brands must make sure that their business strategy evolves with them, yet remaining true to why they exist in the first place.

In six years Blake Mycoskie’s TOMS grew from a start-up to generating \$300m in revenue. As the company focused on rapidly scaling up, it lost the sense of its ethos of being a business that ‘puts giving first’. Blake realised TOMS needed to get back to why that had inspired him to create the company. To do this, he made sure the next stage of business growth was aligned with the company’s mission.

As a result, TOMS was re-energised: employees reconnected with the mission and could think bigger. TOMS’ coffee business was born, and the company became a movement again.

Ongoing employee engagement

Within smaller businesses, it’s easier to make connections between day-to-day work and an overarching purpose. This is partly due to ease of communication, which is harder to maintain in large companies.

Pearson one of the top 10 rankers in our *Fit For Purpose Index*, holds workshops to help employees understand how their role contributes to the company’s purpose: improving lives through learning.

Ensuring purpose is evident in the business shouldn’t be limited to current employees. There is evidence that purpose plays a crucial role attracting prospective candidates.

In its recruitment process, Lloyds Banking Group articulates how new joiners can help Britain prosper. As a result, it has seen its Employee Engagement Index score increase by 11 points to 71% (UK norm: 62%).

Clear and engaged leadership

Perhaps the most important principle, particularly for start-ups looking to scale-up without losing purpose, is a clear and engaged leadership.

Don’t let passionate leadership be diluted with growth; retain visibility for teams beyond departmental silos and employee access to senior management.

Within the top 10 brands in the *Fit for Purpose Index*, 70% have proactive leaders who are actively engaged with their company’s purpose, championing it internally and externally. They give an example of purpose in action that employees can emulate and live everyday.

With proactive leadership and an engaged organisation, the benefits of a strategically aligned purpose are apparent. In this ‘post-truth’ society, we may come to rely on purposeful organisations to lead the way towards a better world.

Paulina Lezama,
Brand and Purpose Director, Radley Yeldar

To find out more about Radley Yeldar visit their website www.ry.com



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Scaling up through agility and mobility



Nick Plummer founded K2 Corporate Mobility 15 years ago. Here, he tells Enterprise Magazine how agility is key to managing macro-economic uncertainty as a global business, and why UK SMEs should be taking the lead in the run up to Brexit.

K2 Corporate Mobility are, in every sense, a global business. With 11 Client Service centres across four continents, providing globally consistent customer service, K2 specialises in global mobility, offering a level of assignment expertise between HR and service partners for businesses with an international footprint.

Over the past 15 years, K2's global growth has predominantly been organic, driven by the business' focus on accommodating clients' needs and scaled by K2's flexible approach to grasping new opportunities. In a turbulent time for international trade - with Brexit, the Trump administration and upcoming elections across Europe creating huge uncertainty - this flexibility could hold the key for other businesses to succeed in a challenging market.

"Agility," says Nick Plummer, Group CEO and co-founder of K2 Corporate Mobility, "is an asset that businesses should always have, but it's particularly relevant now. Being part of a service industry, we're conditioned to move and respond quickly. As a global business, we're even more aware of that need for flexibility."

As ambiguity surrounding Brexit continues, K2 have already taken proactive steps to adapt to the changing international landscape. Sitting on the fence, says Nick, simply isn't an option. Up until now, the majority of K2's European operations have been covered by the business' UK headquarters in Weybridge. With strong signs that EEA passport facilities could be removed from a post-Brexit UK, K2 have had to think strategically about transferring some of that activity into the EU. "We've always had a footprint in Paris," explains Nick, "but we're now in the process of establishing our first legal entity there."

If anything, the firm's international status can give K2 a stability that businesses operating solely in the UK may struggle to maintain in the months and years ahead. "Trying to get a sense of how 2017 will pan out is difficult. K2 is truly a global business: our offices are global, our specialism is global. Yes, change does affect us, but flexibility is part of that global business mindset and it makes us more able to take on opportunities. For businesses based in the UK, it can be 20% more expensive to trade overseas at the moment because of the drop in sterling. For a global business, that drop can actually be profitable."

While the government's recent green paper, Building Our Industrial Strategy, outlined various plans to help boost business in the lead up to and aftermath of Brexit, Nick's advice to other businesses is to start driving opportunity now.

"If you're happy to stick with the status quo and let things happen to you, instead of making things happen, you are going to increase your commercial risk and pressures on your business. I really hope that the British government does start to recognise the real value of SMEs, but I'm not convinced. If they're going to succeed, businesses need to take the lead."

Nick also feels that SMEs should be playing an active role in shaping the future of UK trade. "As we approach Brexit, I would advocate more dialogue between business leaders - and not just big businesses. SMEs will have more impact if they leverage in groups to lobby government."

Nick Plummer
Founder, K2 Corporate Mobility

Find out more about K2 at:
www.k2corporatemobility.com

SMEs enter election season on a wave of optimism

While Theresa May can't guarantee the support of the small business community, she can be reassured that confidence in growth prospects for the sector is the highest in four years.

Smith & Williamson's latest Enterprise Index, a quarterly barometer testing the views of over 200 small business leaders and entrepreneurs, reveals that 85% of respondents are planning for growth and 80% are optimistic about their own prospects over the next 12 months. Crucially, they are nearly 30% more positive about their own growth prospects than at the end of 2016, the highest results since mid-2013.

However, the Tories can't assume they have locked-in support from small businesses or entrepreneurs. The Enterprise Index highlighted this as the fourth consecutive quarter where SMEs perception of support offered by the government has declined, with less than half (45%) expressing positive opinions toward government policy.

While small businesses continue to have gripes about government policy, the Prime Minister may have caught them in a buoyant mood. It's possible that, by triggering Article 50, entrepreneurs at least feel some progress is being made. In addition, the high profile climb-down on self-employed National Insurance Contributions appears to be evidence of a government that is listening.

Notwithstanding this, there has been a growing mistrust in the government due to a gap between

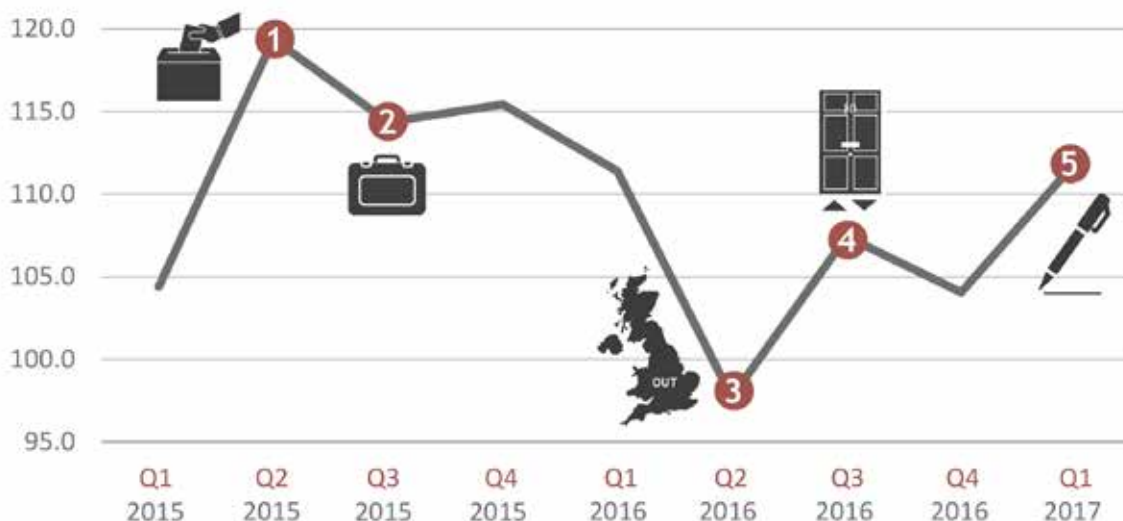
what they are saying and actually doing. Within the past few months they have delivered an industrial strategy green paper, a scale-up champion and taskforce but this has yet to deliver meaningful change. At the same time, the government has slashed the tax free dividend allowance by 60%, causing problems for many.

SMEs taking Brexit in their stride

In Q1 2017, 54% of respondents reported that the uncertainty associated with Brexit negatively affected their business. However, this does not appear to have negated plans for growth, with nearly two thirds (65%) looking to increase headcount over the next three months, an 11 point rise from the last quarter.

The negotiation of a Brexit deal will have many layers, with the ramifications from any individual part having potentially widespread consequences. While the current mood is buoyant, SMEs need to be aware that changes to our relationship with the EU could affect them on a day-to-day basis. Recent growth decelerators, such as stagnating real wage growth and lower consumer spending, could be a portent of things to come.

Confidence of business owners and entrepreneurs since the start of 2015*



- 1 First Conservative majority in 23 years
- 2 George Osborne's Summer Budget announcing changes to dividends, introduction of the national living wage
- 3 Britain votes to leave the EU
- 4 Theresa May/Philip Hammond succeed David Cameron/George Osborne
- 5 Article 50 triggered

*The Enterprise index began from a baseline of 100 in Q1 2013

The Smith & Williamson Scale-Up Business of the Year Award, in association with the National Business Awards, is open for entries. Our award celebrates the achievements of businesses that have successfully scaled-up and this category is for you if your business can demonstrate consistently high levels of growth over a minimum three-year-period, together with a robust plan for sustainable, future performance. And it's not just about winning, getting shortlisted will provide:

- Third party recognition of your achievements
- Stand out from all businesses, not just those within your industry
- Access to business and thought leaders
- Valuable feedback for all entrants
- PR and marketing exposure
- Staff motivation
- A great foundation for the success story you want to tell

2016 winner Chris Houghton, Chief Financial Officer of OVO Energy commented, "We have a great belief in what we're doing, and whilst there's success in that, it's always great to be recognised by your peers, so it was a very special night for us."

The National Business Awards seeks to identify outstanding British businesses of all sizes and disciplines - those people and organisations that demonstrate exceptional business attributes. Former Prime Minister David Cameron commented: "These awards are rightly the Oscars of great British business."

The deadline for entries for this year's awards is **Friday 19 May 2017**.

To enter visit: www.nationalbusinessawards.co.uk and follow [@businessawards](https://twitter.com/businessawards) for regular updates.

Upcoming events

The Contemporary NED in partnership with EquityChair and The Non-Executive Directors Association (NEDA)

Date: Wednesday 10 May

Venue: Smith & Williamson, London

Timings: 14:00 - 20:00

Scale-up Masterclasses in partnership with The Supper Club

Thursday 11 May -

Making acquisitions to scale

Tuesday 26 September -

Investing in talent to scale

Thursday 23 November -

Expanding internationally to scale

Venue: Smith & Williamson, London

Timings: 8:00 - 12:00

If you are interested in attending any of these events, or would like to find out about future events, please contact: events@smithandwilliamson.com

For more information

If you're an owner-manager, entrepreneur, adviser, or if you work with a scale-up business, we'd love to hear from you! Please speak to your existing Smith & Williamson contact or contact our team to discuss how we can help.

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