

Dealmaking set for a post-election surge

By Nik Askaroff, Insider South East's Dealmaker of the Year 2015

So that's that then. The Conservatives are home and happy and we can all now get on with running our businesses knowing that we are not going to have to face another general election for another five years. And thank goodness for that!

The stagnating effect that the long run-up to this year's poll had on business decision making was evident in the first quarter's figures in the UK mergers and acquisitions market which were down 20.3% on the same period last year, according to data provider Experian.

In the South East, where so much of the activity occurs, the figures were even slightly worse – 20.6% down on last year. And the trend continued into April with deal numbers down nationally by 13% on 2014.

Investors hate uncertainty and many will have been sitting on their hands waiting to see if the general election would have any effect on the economy. Now that it's all over, they're free to dust off their delayed plans. As Wendy Driver, Business Development Manager at Experian UK&I, said: "The M&A market is expected to pick up as the year goes on, so businesses considering a purchase or a sale should start researching potential targets at the earliest opportunity."

And so say all of us...!

At EMC we have already seen a marked increase in enquiries from SME business owners who are looking either to grow by acquisition or to take advantage of market conditions by capitalising on their years of hard work and selling while the going is good.

With many companies having built up sizeable acquisition war chests, the banks once again showing an appetite to support solid applications and private equity busting to invest in the right vehicles, the portents for the next 12 months are certainly better than they have been for some considerable time.

Values are also on the rise as many SMEs

continue to enjoy a post-recession surge in activity. The Department for Business, Innovation and Skills recently reported that 40% had increased turnover in the last 12 months and 51% expected to do so over the next 12 months. At 78%, the number of SMEs making a profit are back to pre-financial crisis level.

One word of caution though. If you are thinking of selling or buying a company in the near future, choose your advisors carefully. Although the waters are calmer, there are still sharks out there waiting to gobble up the unwary.

It's very easy for the owners of small or medium sized businesses to be seduced by interest being shown in them by larger corporates. Time and again I've seen highly successful small businesses fall prey to the blandishments of bigger concerns without first testing the market.

It's estimated that 40% of businesses sell after an approach by a single suitor and that just 10% of them achieve maximum value by doing so.

Any business's real worth is only ever properly established once the market has been thoroughly explored for other potential bidders. That takes time, patience and, perhaps most importantly, the perseverance of a trusted corporate finance advisor.



Nik Askaroff (left) receives his award from James Bullock of category sponsor Brachers

Nik Askaroff is named the South East's top dealmaker

“Being named the region's top dealmaker crowns what has been a terrific 12 months for EMC.”

Terry joins England rugby captain's hotshots

Terry Rainback, who runs our Crawley office, was among 36 guests invited to a day's clay pigeon shooting and hospitality at the award-winning E J Churchill Shooting Ground on the exclusive West Wycombe Estate in Buckinghamshire. The event was hosted by England rugby captain Chris Robshaw whose company, Zeus Sports, Terry has been helping to get off the ground. Robshaw's England team mates Henry Thomas, Sam Burgess and Jonathan Joseph, and Sky TV presenter Alex Payne joined the guests. See further story page 8.



Terry is pictured (second left) with (left to right) Alex Payne, Martin Smith of Barbour and Henry Thomas.

Meet the team



Nik Askaroff



Natasha Askaroff



Peter Aves



John Blackburn



Giselle Barrowcliffe



Ross Christie



Julian Clay



Julie Foster



Michael Gibbs



Jon Green



Desmond High



Crispian McCredie



Stephen Milton



Andrew Munro



Rod Muir



John Packer



Michael Pay



Terry Rainback



Ryan Smith



Martin Stanton



Kevin Wheelhouse

Two more join our 'mobile boardroom'

We are delighted to announce two additions to our team of highly experienced professional business advisors and interim managers.



Mark Chapple is a versatile and highly innovative director and interim manager with broad experience in managing and helping SMEs, particularly in the manufacturing and engineering sectors. He has worked in private and publicly listed companies from start-ups and owner-managed SMEs to global leaders. He is based in Chichester and currently works with clients across Sussex and Hampshire.



Chris White is an experienced marketing professional who has held a number of Board-level marketing and business development roles with major national and global businesses including Grant Thornton, PwC, Dell, RBS and global property consultancy Turner & Townsend. He has an excellent track record of developing and delivering marketing development strategies designed to fuel business growth.

They join our multi-disciplined taskforce of talented professionals who, since 1989, have been providing top-level support and advice to South East businesses on a short or long-term basis.

Our consultants work across all the main business disciplines – finance, marketing, sales, manufacturing and IT – to provide interim management, strategic planning, sales training, exporting, e-commerce, and general business advice to businesses of all sizes and across all sectors.

A 'mobile boardroom' in fact! You can read more about Mark, Chris and all of our 22-strong team on our website www.emcltd.co.uk

Another top business award for EMC



EMC's Terry Rainback receives The South's Most Ambitious Companies award from Jon Da Costa of Baker Tilly (right), and Rawlison Butler's Tim Sadka (left)

EMC has received an award for being one of the South's most ambitious companies.

The award is unique in that no company was able to put itself forward or be nominated for recognition. Instead, more than 5,000 companies in the South were researched against a set of measures which were then independently assessed by accountants Baker Tilly, law firm Rawlison Butler, and consultants Endgame Insight. Jon Da Costa, a partner at Baker Tilly explained: "The criteria include a desire to build a business of some significance, to be a leader rather than a follower, and an ability to think and act strategically."

At the award presentation held at Fetcham Park, Leatherhead, Tim Sadka, partner at Rawlison Butler, said that ambitious companies have a determination to succeed regardless of any obstacles.

EMC arranges trans-Atlantic sale of Essex payroll software firm

EMC Corporate Finance advised on the sale of Essex-based client, PaySuite Ltd, to \$3bn American corporation Intuit Inc, global leader in small business accounting software.

Despite difficulties posed by the long distance nature of the negotiations, the deal was concluded in just six weeks.

EMC's Kent director Desmond High explained: "We dealt directly with Intuit's global M&A team, based in San Francisco, and even though this was a pretty small deal by their standards, the eight hour time difference made for a lot of busy evenings on conference calls.

"None of the parties running the transaction – Intuit's in-house counsel, external lawyers and due diligence teams on one side, and us and PaySuite's other professional advisers on the other – ever actually got together in person. The only exception was on the day of completion when I met with Joe Guzel, a rising star of Intuit's M&A team

who was driving the deal for them, in their London office."

It was the second time in a few months that we had been involved in a rapid turnaround trans-Atlantic deal following the sale of \$100m freight forwarding and logistics company Bellville International Ltd to OIA Global of Portland, Oregon. That deal, which won us a clutch of top industry awards, was completed within just 100 days of the initial contact with the buyer.

PaySuite is one of the larger providers of payroll software in the UK. Its product is targeted mainly at small businesses, typically with up to 20 staff.

The product was developed by long-standing EMC client Employer Services Limited (ESL) based in Brentwood, Essex. ESL runs a payroll bureau using third party software and originally sought to develop its own product. However it took a different direction as cloud-based software started to become the default for new and growing SMEs, and hived off PaySuite into a separate company in 2013.

Stuart Hall, CEO of both PaySuite and ESL, said: "This really was the right deal at the right time. PaySuite could have remained independent but it would have needed to



EMC's Desmond High (right) with Joe Guzel

raise new capital and be prepared to take on global players like Intuit who would have either developed their own product or acquired others. They needed a service like ours as part of their online offering and this deal gives them a fast-growing, proven product which was already linked to the QuickBooks Online product."

Legal advice to PaySuite was provided by Christopher Chidley of solicitors Dickens Hopgood & Chidley of Hungerford, Berkshire, with tax advice provided by Suze McDonald and Dave Collis from Baker Tilly's Reading office.



EMC's Michael Pay (far left), Michael Gibbs (second right) and Nik Askaroff (far right) flank Ilex directors (from left) Alastair Campbell, Dan Logan, Stephen Paul, Peter Bridgewater and Jenny Manstead

EMC helps Ilex get wrapped up by Octopus

Lewes illustrated publisher Ilex Press was sold to the Octopus Publishing Group in a deal brokered by EMC Corporate Finance.

Ilex now becomes an imprint of Octopus alongside other internationally-known names such as Hamlyn, Cassell Illustrated and Mitchell Beazley.

Ilex is best known for its expertise in photography and the visual media, producing illustrated reference titles on creativity and popular culture.

Alastair Campbell, who co-founded

the company in 2000 with Peter Bridgewater and Jenny Manstead, is retiring, but there will be no other redundancies, with all Ilex creative publishing staff transferring to London.

Octopus chief executive Alison Goff said: "We have long admired the Ilex list for its quality and creativity. The titles Ilex publish are essential reference for anyone working in the field of new media design and we look forward to working with the many talented authors and photographers on the list."



discussing their selection choices with Darren Clarke as his potential Ryder Cup vice captains. Ian was putting into practice his recently acquired communication skills picked up on the EMC leadership course.



EMC and guests are joined by Freddie Flintoff at one of the Luke Wright Benefit events. For information on all the events visit www.lukewrightbenefit2015.co.uk

EMC helps Corona Copy Solutions to fizz

EMC Corporate Finance has advised Corona Copy Solutions Ltd, a London-based supplier of printers, photocopiers and document management solutions, on two recent acquisitions.

The first saw CCS snap up Corporate Information & Communication Technology Ltd, a provider of telecoms and network services to businesses. The combined group becomes one of the leading suppliers of digital solutions to businesses in and around London with turnover forecast to top £10m this year.

Then, just weeks ago, CCS expanded again when it acquired Tring-based Falcon Document Solutions. The deal adds to CCS's capabilities with a consolidated product and service portfolio which helps clients to improve efficiency, increase productivity and reduce costs.

Corona's MD, James Stephens, said: "EMC supported us throughout both transactions and certainly ensured that the path was easier than it could have been."

Nik Askaroff, who led the EMC team, said: "James has very ambitious growth plans and we are delighted to be working with him



Pictured (left to right) Abigail Owen (DMH Stallard), James Stephens, Chris Morris (Newman Morris, accountants), Richard Gutfeld (Falcon), Nik Askaroff and Karen Lord (Morrisons Solicitors)

and his team to help identify potential targets and then negotiate the deals to a successful conclusion."

Professional support in the first acquisition was provided for Corona by solicitors Kerman & Co and accountants Spofforths; by solicitors Teacher Stern for CI&CT; and by lawyers Wedlake Bell and corporate finance advisers Duff & Phelps for HSBC. DMH Stallard provided legal advice to Corona in the second deal.

Business values are on the rise again

A combination of reduced profits, falling multiples and a lack of business confidence resulted in a significant fall in business values over the past five years. But the resurgent economic conditions have seen the prices being paid on the rise again, says EMC Director Mike Pay.

"Larger corporates have hoarded cash – one estimate puts the FTSE 100 group of companies sitting on £200 billion of cash reserves – and the private equity industry has raised billions more. The Wall Street Journal estimates venture capital and private equity firms have a staggering \$1.2 trillion hoard of uninvested cash. As a result there is increasing pressure on both these groups to do more deals," Mike says.

The market upturn has led to an increasing number of businesses approaching EMC to find out what their business is worth.

"It has always been the question we are most often asked by business owners and I only wish we were able to give them an off-the-shelf answer. But business valuation is determined by a number of factors. Previous profitability and asset values provide a starting point but key relationships, customers, suppliers and contracts are among several other things that need to be taken into consideration," Mike says.

"Having said all of that, there is no better way to work out how much a business is worth than to allow the market to value it. In the end, the value will always be determined by the amount a willing seller and a willing buyer agree upon.

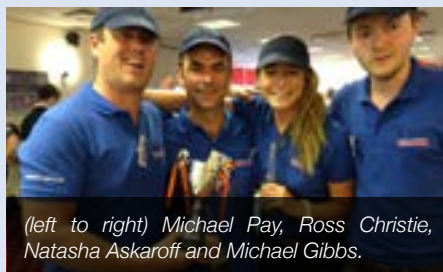
"By properly preparing their business and carefully selecting likely buyers, owners will not only be able to know what their business is worth, but if they choose to sell, be able to enjoy the maximum return from their years of hard work."

“one estimate puts the FTSE 100 group of companies sitting on £200 billion of cash reserves”



Choice Van Rentals, IEP Financial, Nik Askaroff course leader, Posturite Ltd, Devasist, Pitta Pit and Eastbourne Car Auctions

EMC clients enjoying a break during their leadership course. One of the challenges was 'How do you make yourself stand out from the crown?' Ian Fletcher-Price found an original way much to the amusement of all the attendees!



(left to right) Michael Pay, Ross Christie, Natasha Askaroff and Michael Gibbs.

Who said looks aren't everything? We may be pretty bad at playing the game, but we still managed to take home a trophy from ASB Law's annual table football tournament... for being the best dressed!

EMC clinches another major publishing deal

EMC Corporate Finance's second big publishing deal in as many months saw Ivy Press owner Lewes Group Holdings sold to The Quarto Group Inc, the leading global illustrated book publisher.

The sale, which puts Ivy Press and its imprints into the hugely successful Quarto International Co-Editions division stable, followed closely on the heels of the acquisition of Lewes illustrated publisher Ilex Press by the Octopus Publishing Group.

EMC had had a close working relationship with Ivy Press stretching back to the formation of the company in 1996. Initially we helped out with the raising of working capital before going on to lead the finance department with our man, Michael Pay, installed as FD. More latterly, Michael and Nik Askaroff have advised the Ivy management on a range of operational and strategic issues.

Jenny Manstead, co-founder of Ivy Press, said: "We would like to thank Nik and Michael for their support over the whole journey of Ivy Press. They have been alongside us all the way, demonstrating the true nature of their 'Mobile Boardroom' philosophy and the uniqueness of their advisory proposition."

Ivy Press is renowned worldwide for its original titles and high quality editorial, design and production values. Its titles have gone from strength to strength in the international co-edition markets, with over 2.5 million copies of the 30-Second Series now in print in 23 languages.

The London Stock Exchange-listed Quarto Group is the leading global illustrated book publisher and distributor. It employs 400 people in four distinct but complementary businesses – Quarto International Co-Editions Group, Quarto Publishing Group USA, Quarto Publishing UK, and Book & Gifts Direct, Australia & New Zealand.

How to win at the generation game

There has been a big fall-off in the number of small family-owned businesses being passed on to the next generation.

A report compiled by Barclays and the Centre for Economic and Business Research shows that 136,000 fewer family-run SMEs have been passed down to the next generation since 2007. And while there are currently 570,000 small businesses in the UK that have been in family ownership for one generation or more, just 29% have made it to a third generation and beyond.

We've had long experience of helping families to harness the wealth in businesses created by their forebears whether through trade sales, management buy-outs or even by the introduction of Private Equity.

Since the economic collapse of 2007, many owners have been forced to carry on for longer than they would have wished. A double whammy of falling profits and reduced prices led to a huge erosion in value within UK SMEs.

However, recent months have seen a significant improvement in the prices buyers

are willing to pay for good businesses.

So if you're wanting out of your family business and don't have a next generation to pass it on to, now is the time to do something about it.

Join our Entrepreneurs Family Seminar
15th October 2015, 5pm - 8pm
Hotel Du Vin Brighton
natasha.askaroff@emcltd.co.uk

EMC negotiates a great deal for local family smokery

EMC Corporate Finance advised Martin and David Harris on the sale of their Henfield-based business, Springs Smoked Salmon, to Springs Smokeries Ltd, a new company formed by Sussex businessman Len Leeson as an acquisition vehicle.

“*It's not always the biggest deals that give most satisfaction. Finding a great home for a wonderful family business that secures its future is just as rewarding.*”

David and Martin's father established the business in the early 1960s and it is now the leading specialist smokers in the South East.

David Harris said: "We are really happy to have found buyers who will preserve the reputation of the Springs name and

build on what our father started so long ago."

Len Leeson, who lives outside Lewes and comes from a butchery family, added: "Springs is a wonderful brand with a fantastic reputation. I intend to build on this and to ensure that, with the growing demand for regional quality product, Springs stays on top of the menu."

EMC CEO Nik Askaroff said: "It's not always the biggest deals that give most satisfaction. Finding a great home for a wonderful family business that secures its future is just as rewarding. We know that Len and his team will do a fantastic job."



EMC CEO Nik Askaroff (left) with (left to right) David Harris, Martin Harris and Len Leeson

EMC helps with award-winning care home's expansion plans

The award-winning Ifield Park Care Home, which provides nursing, residential and day care facilities for up to 73 people on its 3.5 acre site west of Crawley, is going ahead with a major expansion after agreeing new bank finance arrangements with the help of EMC's Terry Rainback.

The newly-agreed funding structure will enable the home – established in 1954 and run as a Charitable Trust – to add a further 20 rooms.

Terry said: "The team at Ifield Park had done an excellent job preparing and assembling the plans for the new bedrooms and facilities. Arranging an appropriate funding structure and bank finance was the final piece in the jigsaw. There was a lot of interest in the project from the banking community and eventually a £2.75m development loan and mortgage finance package from Barclays proved the most suitable."

Ifield Park's Chief Executive Jo Stovold added: "Seeing our plans and dreams for growing the home come to fruition is very exciting. We knew that we would need help to guide us through the financial minefield, so bringing Terry on board when we did proved to be just what we needed to reach a successful conclusion.

"The financial structure that we have agreed with Barclays and the relationship that has already developed with their specialist team is definitely going to help us through the two year build programme and beyond."



EMC's Terry Rainback with Ifield Park's Chief Executive Jo Stovold



We're supporting Luke Wright's benefit year

Sussex and England cricketer Luke Wright has been awarded a much-deserved benefit this year and we are delighted to be giving him our full support.

Nik Askaroff has taken on the role of chairman and is being supported on the nine-strong organising committee by three other EMC people – Natasha Askaroff, Michael Gibbs and Ryan Smith.

Luke will use his benefit year to raise the profile of three great charities – The Broad Appeal (Motor Neurone); Make a Wish Foundation (granting magical wishes to children with a serious illness); and Sussex County Cricket Club's own charity, Sussex Cricket in the Community Trust.

Nik said: "Luke is a top class sportsman and a great ambassador for Sussex cricket and the game in general. He has been a stalwart of the county side and totally involved and committed to the success of the team over the last 10 years. He thoroughly deserves

his benefit and has chosen some fabulous charities to support. We are excited to be working alongside him and I know it's going to be an excellent year."

A host of top international sporting stars and celebrities will be supporting Luke at events throughout the year. To see the full calendar and book your places, visit www.lukewrightbenefit2015.co.uk or for more information email info@lukewrightbenefit2015.co.uk or call 01273 945984.



Andrew provides support to Pure360

By Andrew Munro

After Brighton-based email and digital marketing automation company Pure360 was acquired by Scottish Equity Partners and, in July 2013, provided with a substantial investment to support its plans for further growth, it recognised that it would need to strengthen its senior management team with the appointment of a new Chief Finance Officer.

But it also recognised that finding someone with the necessary skills and experience might take some time – a challenge not helped by the company's long-term Financial Controller giving notice a few weeks later.

Pure360, which works with more than

1,400 organisations including brands such as Tetley, NHS and Innocent Drinks to get the best results from their email marketing campaigns, turned to EMC for help. While they continued their search for a permanent CFO, Andrew Munro, one of our highly experienced team of finance professionals, was appointed as interim CFO.

Engaged on a flexible part-time basis, typically three days a week, Andrew quickly picked up the duties of the departing Financial Controller whilst also working to improve the processes and quality of the financial reporting, speed up production of the management accounts and prepare for a major change in accounting policy required by the company's newly appointed auditors.

He led the finance team through the first year-end with the new auditors and progressed the work on the change in revenue recognition policy. Then when

new permanent CFO Carrie Hutchison joined Pure360 in June last year, Andrew continued to provide support on an as-needed basis through to the end of 2014.

Stuart Dawson, Pure360's CEO, said: "Andrew provided flexible support to the business during a critical period following the SEP acquisition. We worked closely together and I appreciated Andrew's professional support as well as his personal commitment to the business. Andrew was one of the team and remains a valued contact."

Carrie Hutchison added: "Andrew is a cheerful, dedicated and immensely reliable professional who does what it takes to get the job done. Onsite or off he was always prepared to answer questions and support on a same day basis and he added immense value during his time here."

EMC client Elsatex scores an awards double

EMC client Elsatex Ltd was named **SME Business of the Year at the Kent Excellence in Business Awards 2014**.

It was the Strood-based company's second major award in less than a year having also won the blue riband title of Business of the Year at the Medway Business Awards.

Managing Director Stephen Lowe, who started the business in 2008 with his wife Anny, paid tribute to the part played in the company's success by EMC's Martin Stanton who has been working with Elsatex as a coach under the government's Growth Accelerator programme.

Stephen said: "It has been a whirlwind 12 months since we first met with Martin and EMC but I am delighted with the progress we have made and how far we have come as an organisation and team in that time.

"Martin's help and support has been invaluable. Our staff have flourished under his coaching and mentoring and we have seen massive tangible benefits for the business in terms of productivity and self-confidence. I hope that we can maintain our work with him long into the future."

Now here's a funny thing...!



EMC teamed up with local radio station Heart to bring 'The Sound of Laughter' to Sussex as part of our 25th anniversary celebrations. We sponsored a charity night of award-winning comedy organised by Heart Breakfast at The Old Market, Hove.

Some of Britain's brightest comedy talent took to the stage in support of projects such as the Rockinghorse Children's Charity and Chestnut Tree House.

EMC CEO Nik Askaroff said: "We were delighted to support Heart and its Breakfast Show team in bringing some of our funniest stand-ups to Sussex. It provided a memorable night of mirth and merriment with a very serious purpose."

How secure is your IT system?

By Jon Green

As individuals and business people, we all appreciate digital technology for the huge benefits it brings. But most of us are also aware of its vulnerability to being compromised either deliberately or accidentally.

A recent report by one internet security firm found that 160,000 types of virus are being developed every day.

It's against this background that EMC has launched a new service aimed at helping

SMEs to improve their IT security.

The EMC Cyber Security Review, carried out on site by one of our highly experienced IT consultants, identifies the protective measures companies already have in place and looks for any gaps that could leave them vulnerable to attack.

Jon Green, a lead member of our IT team, said: "The total cost of security breaches to UK businesses almost tripled in the last 12 months, with several individual breaches costing more than £1m and the overall bill running into billions. Eighty-seven per cent of small businesses and 93% of large organisations suffered at least one security breach.

"The Institute of Chartered Accountants says that 'most SMEs are not getting even the basics right' when it comes to IT security and is so concerned by the potential size of the problem that it has produced a 10-point checklist to help directors and managers to better protect their information assets and reduce the risks to their businesses and customers.

"Our Cyber Security Review will identify any particular weak spots in an organisation's defences and recommend how they can best be shored up in order to achieve the greatest benefit at the least effort and cost. Implementing a few basic steps can make a big difference."

Chicago Rib Shack boss provides food for thought



Christian Arden (centre) with Nik Askaroff (right), Michael Pay (left) and James Shore of Close Brothers

Christian Arden, a seasoned operator of restaurants and bars and current CEO of the fast-growing Chicago Rib Shack chain, was guest speaker at our fifth Entrepreneurs' Evening held in conjunction with Close Brothers at the Hotel du Vin, Brighton.

After opening and subsequently selling two up-market restaurants in the '90s, Christian founded the Po Na Na Group Plc, an AIM listed group of late night bars and clubs, which he led to 40 sites and a turnover of £35 million. The business was subsequently sold to Eclectic Bars.

In 2008 Christian was recruited by the owners of the Chicago Rib Shack, Knightsbridge, which at the time was heavily loss making.

Under his leadership the restaurant increased sales by 50% and moved to profit within 12 months. The site was eventually sold for a significant premium in 2012.

In 2011/12 Christian and a few friendly investors raised £300,000 in seed funding to re-launch the Chicago Rib Shack brand in the growing world of fast casual dining with its first site at Westfield Stratford. Since then Chicago Rib Shack Ltd, with the support of Rockpool, raised £1.5 million of EIS funding and it now operates four sites with three more in the pipeline. Christian also owns Cavendish Bars which trades in Oxford, Brighton and London.

To find out more about our events visit the website at www.emcltd.co.uk

Zeus Sports provide a touch of rugby heaven

Every so often something momentous happens when we can look back and say – we were there!

That was the case recently when EMC's Terry Rainback was one of just 50 guests who enjoyed an exclusive dinner in the England changing rooms at Twickenham.

The event had been organised by Zeus Sports, a company formed in 2014 by England rugby captain Chris Robshaw and fellow rugby professionals Darren and Adam Clayton with the aim of providing unique and special events with an intimate and personal touch.

Terry, who has been helping Zeus to get the business up and running, said: "The evening was pure rugby heaven with each of the five tables being hosted by an England international.

"Everybody sets themselves high targets when they start out in business and some don't quite reach them. Zeus Sports' aims are, frankly, astronomical, yet remarkably they exceeded them with the first England Changing Room Dinner.

"For all of us privileged enough to be there, standing pitch-side having a drink and chatting with the likes of Chris Robshaw, Ugo Monye, Joe Marler, Danny Care and Joe Launchbury was just priceless. The guys at Zeus clearly have a winning formula and we can't wait to see what other exciting events they have in the pipeline."



Left to right: Danny Care, EMC client Paul Boon, Ugo Monye, EMC's Terry Rainback, Chris Robshaw, Simon Edgar, Joe Launchbury, EMC client Lawrence Boon and Joe Marler



Make marginal gains a priority

By Martin Stanton

The theory of Marginal Gains is thought to have been first defined by Jan Carlzon, MD of SAS Airlines from 1981 to 1994. The company was in some difficulties when Jan was recruited with the brief to improve performance by 1,000%. After some contemplation, he reported back to the Board: "I can't improve one thing by 1,000%, but I can improve 1,000 things by 1%."

In other words, if we all look for an 'aggregation of small improvements', we could dramatically improve our business performance where a major step change might prove impossible.

Here's an example. A salesperson is closing an order with a customer. The dialogue bounces back and forth, the

customer asking for 15% discount, and the salesperson starting at 5%. Eventually they settle at 8% as the sales person runs out of 'patter' and agrees just to get the order.

Would the customer have gone to 7%? Possibly. But knowing nothing about marginal gains, the salesperson didn't recognise the importance of that 1%. If each order was negotiated with an extra 1% in mind, it would put £30k straight to the bottom line of a £3m company.

Have you negotiated in an Egyptian market for a camel-leather wallet that you couldn't live without? I have, and was there for over an hour. The stall holder had marginal gains in his DNA!

So how is best practice in marginal gains being implemented in British business? Larger companies are starting to employ dedicated marginal gains managers, whilst SMEs are tending to give direct responsibility for these elusive one per cents to departmental heads with a brief to report on them monthly.

The work starts with potential big wins, with Sales maximising the margin that salespeople negotiate, doing effective route planning, and ensuring that the customer or prospect experience is at its very best.

Purchasing then looks at items such as electricity and gas, and the purchase pricing of raw materials, whilst Logistics asks van drivers to report on the cheapest diesel available locally. HR focuses on reducing absenteeism and maintaining a great staff morale, and Marketing ensures that they start increasing the number of hits to their website.

These are just a few obvious examples. Every department and individual will have a role to play, including such small things as selling used ink cartridges and turning off unnecessary lights.

If we all want to thrive in this rapidly changing world economy, we must build marginal gains into our corporate DNA, and learn to 'walk like an Egyptian'.



EMC is the South East's leading independent provider of business management, corporate finance and operations support to SMEs across all business sectors.

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