The Thames Valley Business Barometer is a collaboration between BDO LLP and C8 Consulting, providing a regular snapshot of business and economic confidence in the Thames Valley. The results offer a compelling street level view of business sentiment, helping to inform decisions on growth, investment and employment in the region.

December 2015
Indicators continue on a downward trend

The Thames Valley Business Barometer enters its 5th year against the backdrop of increasing uncertainty in the UK economy. On the face of it, the economic indicators are positive. Employment levels are up, interest and inflation have been low for some time and we have greater political stability than at any time so far this decade. Confidence in the UK economy should be high. However, indicators appear to tell a different story.

According to BDO’s national Business Trends Report for December 2015, business confidence in the future of the UK economy is hovering just above the long term trend. The BDO Optimism Index - which predicts growth six months ahead - sits at its lowest level in over a year and while the Output Index - which reflects companies’ actual experience of orders for the coming three months - is higher, both are on a downward trend. The gap between businesses’ relatively strong expectations for the first quarter of 2016 and concerns for the six months ahead points to expectations of a continuing slowdown in the rate of economic growth this Spring.

The results from the latest Thames Valley Business Barometer survey - carried out during October and November 2015 - seem to support the national picture. The enormous surge in levels of economic confidence witnessed among Thames Valley business leaders in 2014 has dropped over the last 18 months from a peak of 90% in Spring 2014 to 56% in the latest survey, while the percentage of businesses seeing an increase in turnover over the preceding six months has fallen from 82% to 65% over the same period.

Half of businesses surveyed had seen an increase in profitability while 58% had seen an increase in headcount. Three quarters of respondents expect their turnover to increase in the next six months but this too has fallen from a peak of 86% in Spring 2014.

So why the mixed picture? Taken in isolation the indicators paint a positive picture, however every one of them is on a downward trend.

In December we discussed the survey results with local business leaders from the Thames Valley Business Barometer Panel and asked them whether they felt that business confidence had fallen. Many panel members argued that times are good and what we might be seeing is a new norm forming after the recession; one where confidence is relatively high but is no longer increasing. Factors such as slowing growth in China, tensions in the Middle East, low global commodity prices and the possibility of a rise in UK interest rates in 2016 are certainly influencing some businesses and may be causing them to take a more cautious approach in their plans for the future than they would otherwise have done.
The EU referendum appears to be of concern to many businesses, with the Thames Valley in line to be particularly affected by any decision to leave the European Union with so many European headquarters based in the region and such a high demand for skilled labour.

**Flexible working**

In this survey we looked at the subject of flexible working and found that three quarters of businesses surveyed are already operating a flexible working policy with a third of them in place for more than 5 years. Three quarters of businesses without a policy have no plans to implement one.

Most businesses today need to offer flexible working to some degree in order to attract and retain the right people; in particular those with childcare responsibilities. Indeed, improved staff retention was by far the main driver identified for introducing a flexible working policy in the first place and was the main benefit experienced by businesses with a policy in place.

While most businesses in the region already operate with a degree of flexibility - whether through official policies or through their normal working practices - flexible working is about more than just flexibility in the hours worked. Companies are increasingly incorporating flexibility into the workplace itself, changing the way in which office space is utilised and allowing them to reduce their operating costs. Technology plays a crucial part in enabling this to take place. Indeed, young people coming into the workplace today have been brought up with mobile technology and expect to be able to use it to work from wherever they are and not be tied to their own desks.

When we looked into the downsides of increasing flexibility the main issue was that of managing staff. With people moving away from working “nine to five” for five days a week and increasingly working away from the office, traditional management practices and ways of evaluating productivity and effectiveness need to adapt too.

Later in this report Professor Ginny Gibson, Professor of Corporate Real Estate and Deputy Dean at Henley Business School, gives her views on flexible working practices in light of the survey results and her own professional expertise on the subject. We thank her for her time and her insight.

I hope you find the Barometer interesting and informative and I welcome your feedback. Please feel free to share the report and its findings with customers and suppliers and to contact me if you would like to be involved in future Barometer surveys in any way. The more organisations that get involved the more easily we will be able to gauge what is happening across the region.

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**About the Survey**

The Thames Valley Business Barometer - a collaboration between BDO LLP and PR and marketing firm, C8 Consulting - provides a twice yearly snapshot of business and economic confidence in the Thames Valley. This latest survey opened on 30th September and ran until 12th November 2015. Over 100 businesses took part and we would like to thank all of our panel members for helping to encourage responses through their own networks.

The Barometer also includes in-depth profiles of Thames Valley based businesses, Recycling Technologies, Maindec, Medical Supermarket, GreenTech Distribution, and CLEAN Linen Services who shared their perspectives on their own performance in 2015 and the key challenges they face in 2016. We would like to thank them for giving their time to be interviewed for this report.

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**SIMON BROOKER**
Partner and Head of BDO Thames Valley
A slight dip

In this latest Barometer we measured a slight dip in the level of confidence for the second half of 2015:

- 56% of those surveyed stated that confidence had improved (versus 62% in spring 2015 and 70% in autumn 2014)
- Very few respondents (8%) suggested economic confidence had deteriorated. This figure has increased since spring 2015 (7%) and since autumn 2014 (2%)
- 35% felt that it had remained the same (versus 31% in spring 2015 and 28% in autumn 2014)

In terms of the general level of economic confidence in the Thames Valley in the last six months respondents believe this has...

- 56% Improved
- 35% Stayed the same
- 8% Deteriorated
- 1% No answer

“It’s about business confidence not about the lack of it. It’s about the ability to have confidence to grow because things are so good. I would actually suggest that we’re in an extremely positive environment—these are good times.”

MATTHEW BATTLE
Director
UK Property Forum

Staff attrition levels remain the same for the majority of companies

- 32% of businesses surveyed have seen an increase in their staff turnover in the second half of 2015. Over half of respondents (58%) said their staff turnover had not changed and only 10% of businesses have seen a decrease in their staff turnover.

In the last six months has your staff turnover...

- 32% Increased
- 58% Stayed the same
- 10% Decreased

“Our workforce is very loyal and many of the staff have been in the company for a long time. And consistency is what makes for happy customers.”

PAUL TIMMS
Group Managing Director
Maindec
CLEAN - ON THE ACQUISITION TRAIL

CLEAN Linen Services Limited (‘CLEAN’) provides linen and workwear laundry services to the commercial and hospitality sector seven days a week and is the largest independent company in the UK linen rental market. First established in 1886, CLEAN is today a modern, progressive and collaborative business led by the fifth generation of family.

Jason Miller, CEO, has a strong entrepreneurial and technology background and has been leading the drive to modernise and grow CLEAN over the past 12 years. In February 2016, the business will move to a new Corporate Head Office near Maidenhead. This is a significant milestone in the company’s history as it has been headquartered in the original Maidenhead laundry building since 1886.

Today the company boasts a turnover of £68 million and employs 1,350 people servicing 5,250 clients per week with an impressive client retention rate of 97.3%. Jason comments: “Many of our sites are open seven days a week. We are only closed on Christmas Day and New Year’s Day. We run two shift patterns from 7.00 am in the morning to 11.00 pm at night. If you don’t have a consistent supply of clean linen this can effectively stop a hotel serving their clients, so our customers depend on us to deliver a high quality and resilient service.”

Under Jason’s leadership, the business has transformed from an under-invested company to one that now has a whole new management team on board and boast some of the UK’s finest laundries. The company is clearly on the acquisition trail having just acquired Paragon Laundry (Stevens Hatherley Holdings) with solid growth expectations for the year ahead. Jason Miller comments: “This is a very exciting and strategic acquisition for CLEAN. Combining Paragon and CLEAN will extend our market share in linen rental and doubles our workwear turnover.

CLEAN has its head office in Maidenhead with nine commercial laundry plants across the UK including Watford, Reading, Cheltenham, Ross-on-Wye, Yeovil, Nottingham, Banbury, Camberley and Maidenhead.

This is a highly competitive price driven sector and recruitment is a challenge. Jason goes on to say that there is a national shortage of drivers as a result of the explosion of ecommerce and online shopping which is now creating the need for more drivers to deliver to a variety of destinations. Coupled with the introduction of compulsory CPC training, hiring and keeping drivers is tough. CLEAN employs a significant number of staff who are on the Living Wage: “When the recent wage rises came into effect this had an impact on the whole industry. We have had conversations with our clients about increasing our prices as a result and most have been supportive.”

This news comes hot on the heels of another acquisition whereby CLEAN acquired Watford Laundry in October 2015 and it is currently settling both organisations into the business. Jason commented that the culture at CLEAN is very much about hiring self-starters who are motivated, enthusiastic and don’t need a lot of micro managing. Jason looks for the best in his management team and has just recruited a new COO who has led multi-site operations for Hovis and Premier Foods.

Busy with growth strategies, the implementation of new technologies and modernising practices, CLEAN is meticulous about Health and Safety and modern working practices. Jason says that employees regularly make requests for flexible working and each is analysed to see how it can best be accommodated. As there are of course core shift patterns that need to be taken into account which makes it more difficult to offer complete flexibility.

Commenting on the economic climate in 2015, Jason states that it has been a good year. He concludes: “We now have government stability and most people we come across are pretty buoyant and banks want to lend. There is also a lot of M&A activity going on. We have had a very busy 12 months and our volumes are strong. If you consider that we service the hospitality and tourism industry I think this bodes well for market confidence. We would soon see the drop off if people were not feeling confident.”

“Today the company boasts a turnover of £68 million and employs 1,350 people servicing 5,250 clients per week with an impressive client retention rate of 97.3%. We have had a very busy 12 months and our volumes are strong.”

JASON MILLER
Chief Executive Officer
CLEAN Linen Services
**TURN OVER**

**Steady growth**

- When asked whether turnover had increased, decreased or remained the same, over 65% of respondents said that their turnover had increased (versus 70% in spring 2015 and 70% in autumn 2014).

**In the previous six months turnover...**

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“There’s a greater degree of political stability than six months ago, but that doesn’t necessarily mean that people are more confident.”

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**MARK CAREY**  
CFO  
Mabey Holdings

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**Positive outlook**

- Looking forward to the next six months, 74% of respondents expect turnover to increase (versus 81% in spring 2015 and the same figure in autumn 2014). Only 4% expect turnover to decline in the next six months (versus 6% in spring 2015 and autumn 2014).

**In the next six months turnover is expected to...**

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“Whilst there is plenty of M&A activity, all parties are wanting to ensure that everything is ‘nailed down’ and as a consequence significant levels of due diligence is being undertaken. As a result transactions have slowed down again from where they were six months ago.”

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**EMMA GIBSON**  
Partner  
Shoosmiths
Maindec Computer Solutions is a multi-vendor IT support company that has been providing IT services and solutions to the UK since 1979 and is in the top 250 companies in the Thames Valley. Headquartered in Wooburn Green, Maindec has more than 140 employees and seven regional offices. The company has seen turnover increase from £13 million to more than £60 million in the past four years, making it one of the fastest growing privately owned mid-market companies in the country.

The company has a focused portfolio of design, supply, install and support services around their clients’ high-end enterprise IT needs. The company is underpinned by its specialisation on maintenance of business critical IT with all major brands - including HP, Compaq, Digital, Sun/Oracle, Fujitsu, CISCO, EMC, NetApp, Dell and IBM/Lenovo. It continues to deliver its high quality services through its nationwide network of regional service centres, which also house its regional spares and engineering teams.

Peter Darraugh is the Group Finance Director (6 years) and Paul Timms is the Group Managing Director (10 years). Growth increased quickly from 2013 when it acquired CSA Waverley, a company with complex IT infrastructure project expertise in the healthcare sector. The acquisition significantly boosted its capabilities, particularly in the public sector. As a result of the acquisition, Maindec has consolidated its position on all the main public sector frameworks as well as some single supplier specialist variants (BIS and Scottish Public Sector IT Services) and sells about one quarter of its products and services through the frameworks. Peter claims that a significant portion of the organisation’s growth has been because it has optimised its position on these frameworks.

Paul talks about the company’s success which he believes is largely down to the quality of the service it provides and the time of response. He says: “We are not the cheapest, but in my view if your IT support and maintenance is cheap, in the long run you get what you pay for. We have built a very strong reputation for doing what we say we will do.” Peter adds: “We work very hard to keep the value assigned to the service element so we can get one of our engineers to site within two to four hours to deliver a fix. We have a range of services that very much depend on time of response. This is what our customers pay for and as a result our customer retention is over 90%.”

On the recruitment side of things Maindec pays well but it also provides a generous bonus. The workforce is very loyal and many of the staff have been in the company for a long time. According to Paul this consistency is what makes for happy customers.

In the last couple of years, Maindec has invested in around half a dozen apprentices and both Paul and Peter believe firmly in growing talent from within rather than hiring qualified people externally.

In terms of barriers to growth, they believe that this is all about keeping the sales force skilled so that they can offer subject matter expertise to their customers.

Unusually the company does not set any growth targets instead it is focused on maintaining what it is already doing well and sustaining gross margin, profit and cash generation. Peter continues: “We are happy with our growth and want this to be organic, plus we have an aversion to debt.”

In terms of flexible working this is something that the company has always practiced, but in an informal way. Maindec gives time of in lieu and only asks that staff work the core hours between 10 and 4. Again there is no formal working from home policy but about 10% of the staff do work from home. Paul concludes: “We are not strong on rules and regulations and we are not draconian about what managers should do with their teams. We do however clamp down on it if we feel that people are abusing our good nature.”

“Our success is largely down to the quality of the service we provide and the time of response. We are not the cheapest, but in my view if your IT support and maintenance is cheap, in the long run you get what you pay for.”

PAUL TIMMS
Group Managing Director
Maindec
PROFITABILITY

Profitability remains stable

- Half of respondents (50%) saw an increase in profitability in the last six months. This is a slight decrease from spring 2015 (58%) and in autumn 2014 (66%). Profitability remained unchanged for 32% of respondents and 18% saw profitability decline.

Slight drop in optimism for 2016

Expectations for the first half of 2016 have seen a slight decline compared to last year. 58% are expecting profitability to be up in the next six months (versus 69% in spring 2015 and 75% in autumn 2014) and 32% expect profitability to remain the same. Just 10% expect to see a decrease in profitability.

In the previous six months profitability is expected to...

58%  Increase
10%  Decrease
32%  Remain the same

HEADCOUNT

Headcount drops

- More than half of respondents (55%) indicated that their headcount had increased over the previous six months (versus 60% in spring 2015 and 50% in autumn 2014), with a slightly higher proportion (58%) stating that they expect their headcount to increase again in the next six months (versus 64% in spring 2015 and 59% in autumn 2014).

In the previous six months headcount...

55%  Increased
13%  Decreased
32%  Remained the same

Headcount still increasing

- 58% of respondents said that headcount is expected to increase for the first half of 2016.
- Only 5% expect to reduce headcount in the next six months

The next six months headcount is expected to...

58%  Increase
5%  Decrease
37%  Remain the same
Adrian Haworth is Sales and Marketing Director at Recycling Technologies, an innovative new business that has developed a unique process for converting mixed plastic waste into sustainable energy. Founded in 2011 as a spinout from the University of Warwick, Recycling Technologies has offices in Swindon and Reading and aims to produce a greener, competitively priced and flexible solution to address the disproportionate growth of plastic waste and combat the growing reliance on landfills. In December, the government announced a circular economy framework that will severely restrict the use of landfill by 2030. Adrian comments: “The issue of how to deal with plastic waste is set to explode. Alternative solutions will be required, and fast.”

To carry out its process, Recycling Technologies has developed its first commercialised machine, the RT700, which converts plastic waste into a valuable low sulphur hydrocarbon called Plaxx™. Plaxx™ itself is similar to a very clean crude oil that can be used as a feedstock, industrial commodity or fuel to power all kinds of big generators and combustion burners, and has significant potential in the marine shipping market. It could also become a major asset as an alternative fuel for a number of industries that require large amounts of heat.

The technology is proven, with every aspect having been successfully used in other capacities, therefore eliminating any basic technology risk often associated with new innovations. The entrepreneurship that the business has demonstrated by assembling separate technologies to create a flexible process that can be widely implemented across a number of different industries is what makes Recycling Technologies truly unique in the market.

Currently the pilot unit is under commissioning at RT’s Swindon facility and will be trialled by Swindon Borough Council’s recycling plant. The RT700 concept is being reviewed by over 40 other sites in the UK, and will pave the way for mass production of the first full-sized machine at the end of 2016, the RT7000. With current backing of over 100 investors and substantial government grants from DECC and BIS, Recycling Technologies plans to produce over 100 machines in the next 10 years. The company currently employs 15 people, but expects this to grow to 25 by the end of 2016 and circa 100 by the end of 2017. Employees will be based where it makes best sense for them to work and Recycling Technologies approach to flexible working is quite relaxed.

Adrian goes on to say, “As a nation we export waste as refuse derived fuel, in order to reduce the cost of landfill here, to other countries and import fuels such as gas and oil. At Recycling Technologies, we want to encourage a circular economy by using our own mixed plastic waste to reduce oil imports. This is a concept that we expect to have wide appeal with the potential to turn Recycling Technologies into a billion pound global business.”

The RT7000 is a modular machine that can be deployed and easily assembled on the customer site, therefore eliminating the need for waste to be disposed of when it can instead be recycled. Not only does this allow for the plastic waste to be processed at a lower cost, it is also a commercially viable option, as will be demonstrated by its use at Swindon Borough Council’s recycling facility.

“Recycling Technologies is set to be a major disruptor in the market as a result of the flexibility it offers to clients with its ‘sustainability as a service’ approach.”

ADRIAN HAWORTH
Sales and Marketing Director
Recycling Technologies
AN OVERVIEW OF FLEXIBLE WORKING

We are often told that organisations need to be increasingly agile especially in what is often described as the VUCA (volatile, uncertain, complex and ambiguous) environment in which we operate today. One of the ways in which organisations have responded is by introducing flexible working. This can have many dimensions and includes contract flexibility (i.e. annual hours or term time only contacts), time flexibility (i.e. no or limited core hours with staff able to flex their time during a day or week), and location flexibility (i.e. the ability to work in a range of locations both within the organisation’s buildings and beyond).

The recent BDO Business Barometer explored how firms in the Thames Valley are using flexible working as a key tool for their business. Three quarters of the respondents confirmed that they have a flexible working policy in place with a third of those having such a policy for 5 or more years. Clearly this isn’t a new phenomenon.

The key drivers and benefits identified focus on staff:
- improving staff retention, recruitment and overall productivity. Although there may be some cost savings in infrastructure/property cost and travel, these were only identified by about 17% of respondents. This is typical as most of the flexible working policies relate to the first two dimensions (contract and time) with the more effective use of space following as a result but not being the initial driver.

When asked about the barriers to flexible working, several of these related to issues which were a matter of culture and management practice. Many managers continue to oversee their staff …literally…managing by observing what they do. They often comment that if I cannot see my staff how can I evaluate their work…how do I know if they are even working! This lack of trust between employer and employee can permeate the culture of the organisation. In order to move forward, managers need to develop a new approach – managing outputs and outcomes not inputs. In any case that is surely the only way to determine how productive and effective an employee actually is.

"Developing flexible working policies is one thing but implementing them effectively requires a change in both culture and managerial style. Clearly some organisations are still on that journey but if the payoff is better recruitment, retention and productivity, it is surely worth it!"

Professor Ginny Gibson, Professor of Corporate Real Estate and Deputy Dean, Henley Business School, University of Reading
Medical Supermarket is an innovative supplier of medical stock to GP surgeries and primary care centres across the UK. The company sells all kinds of medical consumables and medical equipment including brands such as Seca, Welch Allyn, Keeler, Labold, Lec, Sunflower Medical, Sidhil, Daray and many more.

Medical Supermarket is the brain child of two young entrepreneurs, Nick Coleman and Udhi Silva who got together over a few beers one evening back in 2010 and started talking about how they might be able to jointly develop a business. Both had a background in buying and procurement and had worked in the medical industry, so the idea of procuring cost effective supplies seemed like a natural extension of their joint skills. Together they came up with the business model but at the time were unable to get funding from the banks. Undeterred, they both put money in and set up the business in Udhi’s spare bedroom.

While one focused on cold calling the other went out to meet the customers. They bought a branded smart car and managed to see more than 200 doctors’ surgeries in the space of two months. However, after six months Udhi and Nick realised that they had made no money. Fortuitously, they met a software developer who was running a small company writing code and building websites, and it was here that Nick and Udhi had the idea of creating an “Amazon” for healthcare and Medical Supermarket was born.

The new business model was launched in February 2011 and grew from zero to £2.5 million in 2014. This year it should hit £4 million in turnover. Nick and Udhi employ 15 staff and have won numerous awards. They are constantly looking at how they can evolve the business, exploit their assets for other business ventures and grow their much-desired portfolio of businesses.

Udhi comments: “We’d like to eventually create a roster of companies, innovations and ideas, a bit like Virgin, rather than be wedded to the one idea and the one business. Ideally we’d like to have ten or so businesses in our portfolio worth £100 million.”

Today Medical Supermarket is still self-funded with no debt. Nick and Udhi have outsourced accounts receivables and debtor days are right down, thanks to invoice discounting. Nick and Udhi are serial networkers, constantly on the lookout for new ideas. Nick also sits on the local council’s skills council, mentoring schools in order to get students work ready and they are also both involved in the National Young Enterprise initiative.

Both Nick and Udhi have a pretty flexible approach to staff and to staff working hours but they still need to work the core hours to meet customer demand. Nick comments: “Now we have the right mix of warehouse and office space and culturally it’s great to have everyone under one roof. We are now looking at how we can develop the staff so that they can step into more management roles.” Udhi concludes: “We are very serious about our commitment to our customers but also want to enjoy doing business - it’s about getting that balance, that’s what drives us.”

“...we’d like to eventually create a roster of companies, innovations and ideas, a bit like Virgin, rather than be wedded to the one idea and the one business. Ideally we’d like to have ten or so businesses in our portfolio worth £100 million.”

UDHI SILVA
Co Managing Director
Medical Supermarket
FLEXIBLE WORKING IN THE THAMES VALLEY

Do you have a flexible working policy in place?

- Yes: 75%
- No: 25%

If you don’t have a flexible working policy, are you planning to implement one?

- Next 12 months: 21%
- More than 12 months: 4%
- Not looking: 75%

Do you feel that there is enough support to businesses to implement more flexible working practices?

- Yes: 49%
- No: 21%
- Don’t know: 30%
FLEXIBLE WORKING IN THE THAMES VALLEY

Barriers to flexible working

When asked about the biggest barriers to implementing a flexible working policy, respondents cited the following:

- Trust between employer and employees
- The cost implications - IT infrastructure policies and procedures
- Maintaining presence in the head office
- Hard to evaluate the level of work from staff
- Finding employees capable of working the flexible role effectively
- Being able to work core hours
- Maintaining a strong team ethos, culture and teamwork
- Meeting customer demands

How long have you had a flexible working policy in place?

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<td>1-2 years</td>
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<td>2-5 years</td>
<td>28%</td>
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<td>More than 5 years</td>
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What were the drivers for introducing flexible working?

- When asked about the main drivers for introducing flexible working, 81% of respondents said improved staff retention 33% said improved recruitment and 33% said increased productivity.
FLEXIBLE WORKING IN THE THAMES VALLEY

What are the main benefits that respondents have experienced from adopting a flexible working policy?

- When asked about the main benefits that respondents have experienced from adopting a flexible working policy the three main ones were improved staff retention (71%), improved recruitment (23%) and increased productivity (33%).

What are the downsides experienced from adopting a flexible working policy?

- When asked about the downsides experienced from adopting a flexible working policy respondents said: harder to manage staff (50%), reduced collaboration (21%) and none (37%).
Mobile phone recycler and distributor GreenTech has just been awarded the number one slot in the Sunday Times Virgin Fast Track 100 league table 2015. Founded in 2010, GreenTech is on track to deliver £64 million when it closes its financial year in February 2016 with a three-year average growth rate per annum of 250 percent.

GreenTech Distribution is part of a larger group, RP Europe, whose co-founder and chief executive is Richard Crawley. Richard is a serial entrepreneur who honed his skills while working as sales director at Data Select, the mobile phone distributor founded by Peter Jones, one of the entrepreneurs who appears on the BBC show Dragons’ Den.

Clive Merrick is the managing director of GreenTech Distribution working alongside Richard. He explains why business is booming: “Since the recession we have seen great demand for second hand phones. People don’t necessarily want to buy the latest and greatest, they simply don’t need all that technology. We make our money by unlocking the residual value in these handsets. We have also diversified into other small consumer electronic goods such as tablets, laptops, set top boxes and so on. We take these products and look at how we can enhance their value.”

GreenTech doesn’t just buy second hand phones, it also buys new and works with the mobile eco-system from insurance companies to service providers and retailers. It then either resells handsets back into Europe’s open marketplace for mobile devices or salvages components to repair other handsets. It serves customers who need to dispose of spare stock while complying with EU regulations on waste electrical equipment, and earns money from refurbishing the phones. Clive continues: “Last year we changed our name from GreenTech Recycling to GreenTech Distribution as we do so much more than just recycling. We also changed our company status from Limited to a PLC as this has helped build our profile and position in the market.”

Today the company is based in Loudwater and employs about 30 full-time employees as well as a number of temp staff to give the business flexibility to deal with the peaks in the business. As the company has grown it has diversified, buying stakes in businesses in Poland and the Netherlands.

GreenTech boasts a ‘who’s who’ list of customers and network operators that it works with including EE, Tesco, Argos, Virgin Media. Richard continues: “We are not trying to sell to hundreds of customers but what we are looking to do is to broaden and deepen our current relationships.” Clive and Richard go on to say that they have a flexible working approach but are very customer focused and this means that GreenTech responds fast and works until it has fulfilled its customer obligations. Managing cash is critical to the ongoing smooth flow of the business. Currently it has an agreement with the bank for sales financing and the bank has been very good at helping it to manage its fast growth over the past few years.

2016 looks set to be a very exciting year for the company as it sells new products into the existing customer base and truly wraps itself around each customer. Clive goes on to say: “Understanding our customers gives us a lot of ideas to further develop.”

The only downside for Clive and Richard is that the team is so busy that this doesn’t leave a lot of time to plan and both would like to make more time for this. Richard concludes: “I tend to work on gut instinct and I am a bit of a risk taker. However, I never gamble what I can’t afford to lose and I always have provision for any nasty shocks when they come along - and believe me they do.”

“Since the recession we have seen great demand for second hand phones. People don’t necessarily want to buy the latest and greatest, they simply don’t need all that technology. We take these products and look at how we can enhance their value.”

CLIVE MERRICK
Managing Director
GreenTech Distribution PLC
This senior-level roundtable discussion was designed as a forum to unveil the main findings from the most recent BDO Business Barometer, allowing panel members to discuss the results as well as the challenges and opportunities facing businesses in the region. The event was held at BDO’s Thames Valley office in Reading on 2 December 2015 and was attended by panel members from BDO, Boyes Turner, C8 Consulting, CBRE, Henley Business School, Hicks Baker, HSBC, J Bennett & Sons, Pitmans, Mabey Holdings, NatWest, Parkside Recruitment, Ridgeway Group, Shoosmiths, TVB LEP and UK Property Forum.

Leading the discussion was Simon Brooker from BDO and Paula Elliott from C8 Consulting who summarised the high level findings from the survey, providing the group with context ahead of the general discussion. They spoke about how the overall economic outlook in the Thames Valley feels very slightly suppressed compared to previous surveys with 56% of respondents stating that economic confidence had improved in the last six months and a third feeling that it hadn’t changed. Paula compared that to 12 months ago when 70% of respondents felt that economic and business confidence had improved and the Spring 2015 survey when this figure had dropped to 62%. Simon and Paula suggested that the general picture is that levels of confidence are not as high as they were and asked the panel if they agreed with the results.

Mark Carey from Mabey Holdings replied that there are a number of people who are positive about the outlook but added: “There are a great number of aspects outside of the UK that are causing a level of uncertainty, for example Europe, terrorism and so on. Perhaps this is adding a sense of volatility or fragility to the economy. There’s a greater degree of political stability than six months ago, but that doesn’t necessarily mean that people are more confident.”

Tim Jones from CH&Co added that the answer will depend on how much business is influenced by overseas factors: “People’s answers are going to vary on how much these world events impact on their business.” Simon Brooker from BDO agreed and added: “If you look at the economy, we’ve got high employment, very low inflation, very low interest rates, and a fantastic position against our European trading partners.” Matthew Battle from the UK Property Forum agreed: “It’s about business confidence not about the lack of it. It’s about the ability to have confidence to grow because things are so good. I would actually suggest that we’re in an extremely positive environment - these are good times.”

Robin Barnes from NatWest agreed and stated that confidence is still high compared to two or three years ago. Simon Brooker added that confidence inevitably rises following a recession and perhaps now it has just stabilised into a new norm. Daniel Taylor from Ridgeway agreed: “It’s been an unprecedented time of incredibly low interest rates. The last time we had such a continued period of low rates was just post-war. At some point interest rates will go up and there is an increasing likelihood that they will go up soon. Certainly for our business there is some sensitivity around interest rates. 80% of our transactions are done through Personal Contract Plans which are driven by interest rates and monthly payments. It is hard to say how much longer this benign period can last. In terms of overall confidence I am probably as confident rather than more confident.”

Simon Brooker then asked the panel about the war in Syria and if it’s having an impact on business or on the UK economy. Robin Barnes from NatWest answered: “Situations like this, as much as they affect our society, don’t affect the economy. It’s a separate point. It may affect our confidence as people, but economically it hasn’t had an impact.” Derek Ching from Boyes Turner replied: “Certainly security risk may be a factor in some property investment decisions, particularly in the centre of London.”

Emma Gibson from Shoosmiths commented: “I would describe the corporate M&A market as cautious. Whilst there is plenty of activity, all parties are wanting to ensure that everything is ‘nailed down’ so far as it can be and as a consequence significant levels of due diligence is being undertaken. As a result transactions have slowed down again from where they were six months ago.”

Simon Brooker then asked the panel what they thought about how the decision to stay or leave Europe would impact businesses: “I think there’s quite a lot of support for staying in Europe with changes to the terms of our contract with the EU. My view is we might actually end up in a situation where it’s black or white, in or out. And I think that will be bad for the economy, that level of uncertainty when it comes to a yes or no. It will be a detractor for international business, and if we come out it will be a disaster.”

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STEVE HEAD
Director Business Space Disposals and Acquisitions
Hicks Baker
Brian Poxon from Parkside Recruitment stated: “As a recruitment company we hire for companies in the Thames Valley area and look for people with language skills - for example we have people from Spain or Italy. So from this perspective, having that freedom of movement across European countries is fantastic, and essential for our business. There’s such a skills shortage in the Thames Valley that we need people from overseas, and being part of the EU makes finding these candidates easier.”

Tim Jones from CH&Co agreed with Brian and added: “I don’t think the rest of the European nations will let us go. At the end of the day they can’t afford for us to go.” Steve Head from Hicks Baker stated that the Thames Valley is dependent on Europe because most of the European headquarters of global companies are based here: “The loss of that over time, will weaken our growth significantly.” Simon Brooker concluded: “I think in the UK we underestimate that we are such a good place to invest, particularly for companies from the US as we share the same language.”

Simon Brooker from BDO introduced the topic of flexible working to the panel and asked how important it is to them and if employers still struggle with some aspects of it.

Mark Carey from Mabey Holdings answered: “It is not clear what a flexible policy is and this changes depending if the company is a large or a small one. I think that’s part of our problem, the bigger the company is, the more you talk about policies on flexible working.” Mark also asked if views on flexible working were driven by the company.

Simon replied that he thought it is driven by both. Simon also introduced the generational difference as a key element: “When you talk to the young people in our offices their expectation is that they want technology so that they can do their work from wherever they are. Connectivity is completely different. We’ve got mobile phones, broadband - you can essentially work everywhere.”

“I would say, listening to technology companies recently, that they’ve tried it and realised that they lose something in productivity and connectivity in their businesses if they don’t. These companies are now starting to see that they need to have a core time where they are in together.”

Matthew Battle from the UK Property Forum agreed: “Millenials use space differently. They use less space and I think that it’s about the touchstone idea - so that you come in to the office and connect and collaborate with your manager and your teams.”

Brian Poxon from Parkside Recruitment added: “I can talk from an internal perspective about flexible working. We have all sorts of flexible working initiatives. We have people that work on a job share, we have people that work short weeks, short hours every day, and we have a large number of working mums.”

Simon asked Brian if employers do it because they want to do it or because they have to do it. Brian answered: “Businesses will have to consider flexible working if they want to attract the quality of staff that they want.”

Daniel Taylor from Ridgeway stated: “As employers you almost have to if you want to retain or attract talent. It does tend to apply more to women than men. We get more requests from women for flexible working and it’s often because they have the childcare constraint. We look at flexible working on a case-by-case basis - does it work, does it fit in with needs of the job. One of my key financial controllers has a flexible working arrangement which works well.”

Simon Brooker from BDO agreed and added: “In our case we have a resource constraint. Chartered accountants take 5-6 years to train and throughout the recession we didn’t train enough. We have a load of managers in this office and the managers are critical to the success of our operations. They are typically 3-10 years qualified and there is a shortage of them. Because of this flexible working will put even more pressure on us.”

Tim Jones from CH&Co agreed with Daniel and Simon: “I think the working landscape is changing vastly. Today you break things down, so you work in teams, and teams have got various different jobs on at different times. You have someone who leads the team while others support and execute on different activities. It’s about co-ordinating the right people to be in the right place at the right time.”

Steve Head, Hicks Baker added that people today are using working space in a different way: “Just going back to the point about people using less space, it’s not that people are necessarily using less space- it’s just that they’re using it in a very different way. There is a much greater emphasis on teamwork, collaboration and interactive space. Staff will move around with their laptops or tablets but they are still likely to have some assigned personal space. In some corporate working environments there may be no assigned desk space at all, and this trend is even spreading to what we might consider to be more traditional companies as well. So the way space is used is very different.”

Simon Brooker from BDO asked the panel: “If that’s the case do people still need a place to come back to?” Robin Barnes from NatWest answered: “I would say, listening to technology companies recently, that they’ve tried
it and realised that they lose something in productivity and connectivity in their businesses if they don’t. These companies are now starting to see that they need to have a core time where they are in together. Looking at ourselves we have Mondays and Fridays as the days where we expect people to be available so we can update each other.”

Tim Jones from CH&Co questioned Robin’s statement: “But if somebody has a three-day contract: Tuesday, Wednesday, and Thursday would you resist that?” Robin replied “No we wouldn’t but you normally have people who could work on a Monday or a Friday though.”

Simon Brooker from BDO added that this depends on the type of business model: “We have a specific person assigned to each client, so you cannot really say to the client that he/she won’t be available on certain days.” Tim Jones from CH&Co added: “And effectively everybody is available 24/7”. Simon asked if this is the opposite side to flexible working: “completely inflexible.”

Tim disagreed: “Not necessarily because you would take a call but you would do the follow up in the time that you have allocated.”

Nick Hicks from HSBC added that another benefit of flexible working is reducing transport costs: “If I could trim 30% off everyone’s hard premises cost you would all say yes please. With flexible working you save on your travel because an off-peak ticket is half the price, and commuting times would be reduced. So there are plenty of upsides.”

Simon Brooker from BDO closed the roundtable by saying that flexible working is a broad topic and certainly a theme it would be worth exploring in more detail in future barometers.

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TIM JONES
Chairman
CH&Co

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NICK HICKS
Area Director
HSBC
The survey was conducted from 30th September to 12th November 2015. A total of 102 respondents took part in the survey.

**Respondent company make up**

- The majority of companies that responded are UK Parented Private Limited companies (56%). 15% are overseas parented
- Over half (56%) have a turnover between £0-25 million
- 21% have a turnover of £26-100 million
- 10% have a turnover of £101-500 million
- 13% have a turnover of £500 million

**Turnover band (£)**

- £0-25m: 56%
- £26-100m: 21%
- £101-500m: 10%
- >£500m: 13%

**Approximate headcount:**

- 0-50: 45%
- 51-200: 25%
- 201-1000: 15%
- >1001: 15%

**Sector they operate in:**

- 1% Primary activity, energy, utilities
- 6% Retail and wholesale
- 1% Leisure & hospitality
- 10% Real estate & construction
- 11% Manufacturing
- 27% Technology, media, telecoms
- 8% Financial service
- 32% Professional services
- 0% Not for profit or public sector
- 4% Other

**Business location within the Thames Valley:**

- 35% East Berkshire
- 15% West Berkshire
- 15% Central Berkshire
- 15% Oxfordshire
- 3% Buckinghamshire
- 4% Hampshire
- 6% Middlesex
- 9% Other
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