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A change for good

Nick Grey, founder of Gtech discusses large scale innovation during the pandemic

"A person who
never made
a mistake
never tried
anything new."

Nick Grey, founder and managing director of Gtech



"Our profession is
undergoing turmoil and
change, but adversity
creates opportunity."

Michael Davidson
Group managing partner



Welcome

As we welcomed in a new year and a new decade in January, no one could have predicted what was in store for us all.

As I sit in my home office, like so many, on a warm sunny day in summer reflecting on the year so far, I am inspired by the many business owners we support who have scrambled to keep their doors open, their people in employment and in some cases are now fighting tooth and nail to save their life's work. Their resilience, fight and sheer will is remarkable.

In this edition of ONE magazine, we shine a spotlight on the companies that have pivoted and adapted through the Covid-19 crisis and responded to change at pace. With Haines Watts marking its 90th anniversary, I also share my personal journey with the firm and celebrate what we have built and achieved over 90 years. I take pride and comfort in the fact that our financial results for the last year have seen us achieve double digit growth with continued strong performance despite Covid-19. This growth gives us a platform and resources from which we can continue to grow, train and mentor the next generation and address the challenges we share together as business owners and leaders around diversity and inclusion.

Successful businesses are built upon the talent they employ and nurture.

I am immensely proud of our people and how they have responded to deliver their very best during these trying times. So many have had to balance family needs, caring responsibilities and client commitments. Not only have our people shown amazing adaptability but they have also supported one another mentally, emotionally and socially and proven that we are stronger together. On page 22 we share some stories of how our people have rallied during lockdown.

Our profession is undergoing turmoil and change; our economy will take time to rebuild; but adversity creates opportunity. We have seen British business owners achieve remarkable things during lockdown. As a firm we are committed to growth, creating employment opportunities across the UK and resolute in our support for our clients – both those who find themselves in tough circumstances and those who are able to exploit opportunities.

I hope you will take some inspiration and hope from the stories we share in this edition of ONE.

Michael Davidson
Group managing partner

Haines
Watts

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Trends over lockdown show that consumers want to do business with companies who are sustainable and trying to leave the world a better place than they found it. But how do we reset our economy on a sustainable footing?

Race To Zero

How do we reset our economy on a sustainable footing?

Throughout the Coronavirus crisis, we have seen startling evidence of the impact of human activity on our communities.

Our environment began to heal and we started to see clear skies from Delhi to Beijing as we gave our planet some respite. But now we've had a taste of a cleaner world, how do we plot a course that will ease our overall environmental impact, create more sustainable practices and ensure we don't revert to our old ways?

As we rebuild economically, we also need to reset so that we can sustain some of the benefits realised and tackle environmental issues going forward. But how can businesses adopt environmental principles without damaging their bottom line? And how can they become a net-zero carbon emission business by 2050? It seems like a huge undertaking, but it is an ambitious goal held by many companies in the midst of this substantial shift.

Electric fleet

As green issues continue to make headlines around the world, it's clear we need an economy that works for everyone and cheap clean power certainly brings benefits for businesses. We need to further expand our use of renewable energy sources as we move away from polluting sources such as our reliance on fossil fuels. As the cost of renewable energies continues to fall, one option is to accelerate the take-up of electric vehicles - which is something businesses can do quite easily. There are tax benefits for owners, directors and executives who want to drive a sustainable company vehicle. HM Revenue & Customs' Review of WLTP and vehicle taxes has meant that tax on electric vehicles (EVs) has disappeared. This makes EVs a viable and highly attractive company car option.

Taking out the trash?

Times are changing rapidly and in the UK we recycle more than ever before, yet data from the Environment Agency shows that we still put close to 50 million tonnes of rubbish into landfill every year. That's a big problem because we aren't opening enough landfills to accommodate all that waste. There are a growing range of initiatives to treat waste more effectively. Businesses should think about the green credentials of suppliers and products when making purchases. There are also R&D incentives to invest in greener ways of manufacturing and using the Government's green grants. In an ideal world, of course, everything we make might be designed to be de-manufactured and recovered.

From villain to hero

There is a growing perception that businesses need to shake off anything that makes them an environmental villain if they are to survive. Companies are also in agreement that they need to set objectives to fight climate change. Having a sustainable strategy that protects the environment and your workers is something every organisation should be doing because implementing a values-driven approach can prove beneficial long-term. It matters for financial success because you will ultimately be protecting your brand and mitigating risks. Being purpose-driven is always a competitive advantage in business and therefore showing that your business is doing good in the world, rather than it being just a place that provides pay can give it a competitive edge when it comes to recruiting the best talent.

Best of both worlds

As a business owner one of the best ways to make your business greener is to practice greener procurement. Source goods and services that are produced and supplied in a sustainable fashion. There is a growing market for sustainable goods too, so you could gain market share by converting sustainability-minded customers. It's important to review your procurement policies to ensure you are recycling anything that can be and not making use of excessive packaging. Cloud computing can also help employees to share and access information from anywhere, which can also help slash travel costs and carbon emissions.



TECH THOUGHTS

The future of digital infrastructures

With the world going digital, Mark Burgess, director of HW Technology takes a look at new digital infrastructures that businesses will have to put in place given the rise in home-working and the cost of cyber-attacks on small businesses.

According to the Federation of Small Businesses (FSB), SMEs are falling victim to ever-increasing instances of cyber-crime. Last year, more than one million companies were subject to phishing attacks, malware and payment fraud. Over the two years to January 2019, there were nearly 10,000 cyber-attacks a day.

The annual cost of such attacks to the small business community is estimated to be £4.5 billion, with the average cost of an individual attack estimated at £1,300.

Even more worrying is the fact that despite the increasing number of targeted attacks, many businesses are not learning the lesson and are failing to take action to improve their cyber security.

Moving with the times

One of the most contentious issues prior to lockdown for businesses was whether to allow home-working for staff. Of course, due to the speed at which the pandemic spread, many business owners were forced to accept that they needed people to work from home to keep their businesses afloat.

While on the surface, this seems to have worked well for the majority of businesses, the World Health Organisation (WHO) reported a fivefold increase in cyber-attacks and urged vigilance during the pandemic.

In April the WHO reported that hundreds of email addresses and passwords had been leaked online along with thousands belonging to those working on the coronavirus response. While the leaked credentials did not put WHO systems at risk because the data was not recent, the attack

did impact an older extranet system used by current and retired staff as well as partners.

The Covid-19 pandemic has super-charged phishing emails and fake news and it's not just the immediate financial cost of this kind of cyber-attack that businesses should be concerned about. Ransomware can put a company offline for days, so there can be ongoing consequences. The potential for reputational damage should not be underestimated, nor should the possibility of fines for data breaches.

According to the National Cyber Security Centre's (NCSC) CEO, Ciaran Martin, there are three basic steps that businesses and individuals should implement to help protect against cyber threats:

- Strong passwords
- Multi-factor authentication
- Backup data



We recently saw an example of a business that had fallen victim of what is known as a lateral phishing attack. Unfortunately, a member of their accounts team made a payment to an unknown account after receiving an email from the finance director authorising payment. The email wasn't actually from the FD, whose account had been hacked and the email was in fact, fraudulent. The payment transfer was made to the fraudster's bank account without additional checks. This incident illustrates the necessity to establish internal processes to validate actions based on digital procedures that could be vulnerable to an external attack.

What can you do?

User awareness training is key. Educate your team on how to spot phishing emails. Check the sender's email address, headers, spelling and

grammar. These are usually indicators when spotting a fraudulent email. If the email has any URLs referenced in the email body, hover your mouse over them to check they relate to the correct organisation.

Adopting multi-factor authentication (MFA) can help mitigate the risk of accounts being compromised or credentials being used for malicious purposes. It doesn't remove the general risks of phishing, but can alert the organisation if an account has been compromised.

It's so important to establish a comprehensive cyber security strategy to secure valuable business data and help prevent cyber-attacks. You also need to comply with industry and data protection regulations such as GDPR to avoid fines.

Very often businesses ignore cyber security because they don't have the right procedures in place. Make sure that you work with an IT service partner with the appropriate accreditation such as ISO 27001, who can advise you on the right cyber strategy. They can help to set up processes such as regular backups and password management systems to strengthen passwords, therefore making them less vulnerable.

MARK BURGESS



CORPORATE FINANCE

With Tanya Wilson, corporate finance partner in Cardiff

For business owners with a clear exit plan pre-lockdown, Tanya Wilson, a partner in forensic and corporate finance at Haines Watts Cardiff, looks at the shift in economic climate and buyer appetite and explores what this might mean for business owners who had clear exit plans before Covid-19.

What is the impact on overall deal strategy?

Reflection is important as we move forward in this 'new normal'. Business owners will need to look at how they have performed this time around, what changes have been implemented and what is still necessary.

A realignment of valuation expectations may also be required. For example, if you are nearing retirement age and had intended to sell imminently, in a sector that has been impacted considerably and potentially have a period of recovery ahead, it may be wise to consider whether you have the fight in you to trade through the next 18 months to demonstrate the robustness of your business. Or whether you are prepared to accept it may be better to sell now and potentially accept lower valuation or a larger amount of deferred consideration?

Are certain types of sale now more attractive e/g MBOs v trade sales?

Access to funding will be key. Trade buyers with a strong balance sheet that can be leveraged will be in a good position to take advantage of opportunistic acquisitions.

Private equity (PE) has money to invest. Protecting portfolio companies has been their immediate focus, so initial PE backed deals are likely to be for bolt-on acquisitions.

If funds have to be raised, I think 'risk' will be a key factor when assessing the amount of debt available from banks and other funding institutions. MBOs will be a way forward if vendors are prepared to accept a higher element of deferred consideration and or loan notes rather than leveraging the business with external debt.

What steps can you take to make your business attractive to buyers?

Financial forecasts, careful cashflow management and the ability to scenario plan will be more important than at any other time. Post-pandemic, businesses should be looking carefully at their profit and loss accounts. They will be examining costs that can be reduced or even cut, efficiencies that can be gained through technology or even different / quicker routes to market. The robustness of the business will be key. Thorough understanding of the first six months' of 2020 performance will be important - analysis, to what extent have core fundamentals, competitive pressure or other internal or external factors impacted the business precipitous drop in revenues and profits vs purely Covid related impacts?

Is your business ahead of the curve in your sector and how future-proof are you? Can the buyers create economies of scale by acquiring a competitor - increasing their market share or even buying a supplier and taking it in-house? All of these are important in scenario planning. Make sure you have financial information available on a real-time basis so that you are equipped to make informed decisions.

What is the impact on the deal process?

Purchasers will be carrying out more in-depth due diligence - analysing historical performance and performance both during and after the pandemic. Review of furlough and redundancy programmes, contract resilience, government support (and State Aid), as well as the increased IT and security risks posed by home working are all likely to form part of the due diligence scope going forward.

Earn-outs and contingent provisions may feature more in the structures if there is a lack of confidence on maintaining historical financial performance / margins. Earn-outs can also be used as a way of bridging the gap between vendors' expectations and those of the buyer - the vendor having two bites of the cherry.

Deferred consideration has been a feature in most deal structures since 2008 and will feature strongly going forward and may be over a prolonged period. Again, this will all depend on the banks appetite to lend.

What are the key changes across sectors?

We are seeing activity in the market however, it's definitely a tale of two halves with some sectors shedding value and others thriving. The tech sector, which has always been attractive, is unsurprisingly outperforming most other sectors. There is a lot of interest and activity but consequently valuations are looking high - so acquirers will need to balance strategic value with affordability. Food manufacturing and processing are experiencing an uplift and are likely to continue to do well for a period.

Unsurprisingly, the impact of the pandemic has left the tourism, hospitality and leisure sectors decimated - and this is having a knock-on effect on businesses throughout the supply chain. These businesses are carrying huge debt, struggling to secure customers and likely to take a very long time to recover. Similarly, both the retail and commercial property sectors are struggling and it is likely to take considerable time for these businesses to command high values and be attractive to acquirers.



The Government called me and told me there was an urgent need for life-saving devices.

A Change For Good

After being woken in the early hours one Sunday morning in March, the first thing that sprang to the entrepreneur's mind was who the heck could be calling at that hour. When he picked up the receiver though, the voice on the other end of the line was no other than the Government's chief commercial officer, Gareth Rhys Williams.

The Government needed Nick's help in designing a ventilator that could be mass produced to help patients with Coronavirus.

He said: "My first thought was 'this is a scam', but the minister was calm and suggested I Google his Government profile, check the number and call him back."

It was at this point the inventor of the cordless cleaner had to make the single most important decision that he's made in his life. He had to decide if his company would be able to help the Government make 30,000 NHS ventilators in as little as two weeks to cope with skyrocketing infections.

On the frontline

Nick said: "The Government official told me there was an urgent need for the life-saving devices, but I needed to see the specification before I could make a decision. When he sent it to me, I knew it could be done."

The founder initially set up Gtech from the confines of his Worcester garage two decades ago with savings having left his job at vacuum cleaner brand VAX. There he started to design and develop the world's first cordless cleaner to tackle the whole house, the SW01 cordless floor sweeper in 2002, as well as other garden power tools.

Since then the father-of-four has been driven to design and manufacture brilliant floorcare products, an eBike, garden range and even a massage bed by finding innovative solutions and simplifying operations. His big break came quickly and he hasn't looked back.

As hospitals up and down the country were preparing for a flood of desperately ill patients unable to breathe on their own, Nick said he just felt "compelled" to respond to the call for help.

Learning from experience

The Gtech owner moved from vacuums to ventilators overnight and began working on the project on Sunday morning. After spending time learning how the ventilators worked, he fathomed he could make a real difference so called in his R&D engineering team for support.

They were able to buy a secondhand mechanical ventilator from Ebay which was collected first thing Monday morning. Examining it showed the team how they would need to connect to the hospital oxygen system and also the patient.



FACTFILE

- Sector:** Home appliances
- Employees:** 200
- Location:** Worcester
- Challenges:** Keeping costs low in a challenging environment
- Opportunities:** Great demand for home shopped products

Nick said: "The initial description of ventilator had effectively two specifications: a simple air moving device to deliver an oxygen-rich 450ml 'breath' of air to the patient 12 times a minute and help push air into patients' lungs when they can't breathe for themselves and a more complex electronic ventilator.

"There were quite a lot of challenges because oxygen is a very reactive gas, which rules out many motors and electrical devices. Normal air operated cylinders can only run on air, not pure oxygen so they could not be used.

"The breakthrough was to repurpose an every day syringe into an oxygen-powered ram. A valve directed oxygen into the syringe which then squeezed a self-inflating air container delivering 400ml of air directly into a patient's lungs. A second syringe then acted as a timer and once the 'breath' had been delivered, it would then reset the ram for the next cycle.

"I knew that we had to be quick as air handling is something the team were experienced in and they got started on the basic specification immediately. I also knew that Gtech could make the simple ones in high volume at short notice, so I let the Cabinet minister know that and started to build a prototype.

"We designed the ventilator entirely from parts that can readily be made from stock materials or bought off-the-shelf. This meant that if the Government approved and wanted Gtech ventilators they could be made by almost any engineering or manufacturing business."

By the end of Tuesday Nick and the team had been working 24/7 on their model and by Thursday it was operating efficiently and meeting the basic specification - running only off the hospital oxygen supply.

"We discovered that Gtech could produce around 100 per day within a week or two providing we found steel fabrication and CNC machining companies to help us make some of the parts.

"On the Friday I provided a video of the ventilator to a Government panel of ministers, clinicians and senior NHS people who said it was fantastic and asked me to take it to the next stage and prepare to manufacture."

A senior consultant from Worcester Royal Hospital then visited Gtech on Saturday to evaluate the ventilator.

Nick said: "He asked if we could provide 200 ventilators to the hospital within a week and we went through how the ventilator could be calibrated and set up in a hospital environment. He then said he would provide an anaesthetist to support our development of the ventilator."

By Monday though Nick could tell that something was different. Less than a week after being told by the Government to produce the much-needed ventilators, he was advised not to push forward into the production stages.

The Government official started to understand that as more patients were being treated and the NHS learned more about Covid-19, a different approach was needed.

"Instead of mechanical ventilation, patients now needed a steady oxygen rich supply to support their own breathing.

"The Government fortunately didn't need the 30,000 ventilators demand being met by getting existing manufacturers to speed up production.

"He thanked me for the team's efforts and we were all very proud that we were ready to respond to the nation's needs and start production if required too.

"As we had built 10 ventilators, these were sent out to different countries who had asked for them. We then went back to our day jobs and a very busy spring cleaning and garden season for Gtech.

Nick said: "Although the Government offered to pay for our development costs, we never made a claim. It was a national crisis after all and a pleasure to try and help out when our country needed us.

Gtech also had the support of a huge number of companies in the supply chain across the UK offering to help manufacture for nothing.

"We were all ready to get regional manufacturing teams up and running to supply their local hospitals," said Nick.

Over the last two years Nick has restructured and refocused Gtech on high performance, long-lasting products, good marketing and customer service.

He said: "During the pandemic because everything happened so quickly, it felt like every business was having issues maintaining good customer service, so that is currently a huge focus for us right now."

ONE EXPERT



Tim Pearce
– Haines Watts managing partner,
Evesham & Worcester

"I was first introduced to Nick through Haines Watts' partner John Elliott, as I was to be John's successor on the Gtech account. Right at the start of the client-succession process, we wanted to ensure Nick was comfortable with the transition as John had taken care of Nick's business matters since Gtech's inception.

John had given me a clear idea on where Gtech was as a business so I could determine what would work best for Nick. It was vital to keep the business moving forward during the handover period and so we set to work with our plans.

It was important for me to understand whether Gtech had any vulnerabilities, what Nick's ultimate goal was for the company and what outcome he was hoping for. I also assessed his short and long-term needs for the business.

Good planning in the early stages allowed for a successful and smooth transition for both Haines Watts and Gtech and we have retained our relationship with the client. We work closely with Nick to support his growth ambitions. We have also built a really good working relationship with the finance team at Gtech and have helped the business with their statutory compliance.

Nick is passionate about R&D and very hands-on as a businessman. Our R&D tax credit specialists work closely with Nick and his finance team to ensure Gtech takes full advantage of the Government's R&D Tax credits scheme. We have been able to give him practical advice on incentives to deliver robust maximised claims. The rebates enable Nick to continue investing in innovation.

HOW TO EXPAND YOUR CUSTOMER BASE IN THE "NEW NORMAL"

How do you grow your business when you can't speak to people face to face? Stepping into the unknown, it is clear Government rules have impacted everything from supply and demand to distribution and product and service availability. So how do you now reach new customers?

Be Transparent

It's time to start looking at potential economic scenarios e.g V-shaped or U-shaped recovery and ask how they might impact on business. If your business is working fewer hours or you have a customer-facing service that has new safety measures in place, you need to inform customers so they know what to expect and when the business will open.

Every business is working through challenges and if this is affecting your customer's usual experience of working with you, make sure they know this will be the case, they will understand. Be clear on service impact, delivery times, face-to-face meetings, processes and timescales for projects. Manage expectations as you manage the new normal too.

Comeback Kings

Understanding how your customers are feeling and what they want from you is vital whether they are looking for inspiration, support, guidance or innovation to solve their problems. You should spend time to understand what their business challenges are, communicate regularly and be authentic. Remember to re-connect with any customers that have gone quiet during the pandemic and stress the value that your business can offer to them. Adapt what you do and how you communicate and spend time understanding what your customers are reading, how they are researching and their motivations to buy. You should work on your customer experience too - whether it's online or at a store or venue. Understand what's important and show how you have adapted to put new things in place to make it better for customers.

Ask for Opinions

Look out for the short-term opportunities for growth and recovery by asking opinions via the completion of a short survey. You can then use this survey to measure customer experience or measure customer satisfaction. By looking at which people / sectors have been less impacted, you should be able to see where quick-wins are.

Promote your business online

Content is still king so don't stop marketing or business development, be visible and consistent and make it easy for people to find you. Be bold and clear and answer big business issues that make customers feel loyalty towards your brand. Keep your website fresh and informative with content that shows how what you do can add value and how you can help businesses and individuals get to the other side. It's also important to help your customers feel inspired and special during these uncertain times because they'll remember how you made them feel in the long run.

Meet Shaun Sadler, founder and managing director of UTS Engineering, a North East based manufacturer in the water and gas sector. Here Shaun discusses what it has been like to lead a business through 2020, who he turns to for support and how technology and trust is changing the way they do business.



Surviving The Storm

What was your career background before you started your business?

I left school at 18 after completing my A-levels. My first job on leaving school was with J Barbour and Sons Ltd in South Shields. I remember being really impressed at how forward-thinking the clothing manufacturer was and during the two years I worked there, I gained a good grounding in production work before leaving to go to another clothing company. I then got a sales job at an engineering firm that manufactured couplings and piping for the water industry where I worked for four years until I became disillusioned when the company was bought by a large PLC and wanted to stop manufacturing. I was and still am passionate about UK manufacturing and they just didn't have the same views that I did.

What made you start your own business?

UTS Engineering Ltd was born at a time when there was a boom in businesses offshoring. I discovered a niche in the marketplace for design and manufacturing services within the water and gas industry. Back then the

industry was changing a lot and they were being fined heavily by Ofwat for burst pipes. It was clear that they needed a skilled local emergency response service which I could offer. Being young and brave I felt as if I had nothing to lose and I was passionate about UK manufacturing and the importance of supporting the UK economy.

We initially started out with just three employees and a factory in Jarrow of around 500 sq ft space. Following very structured, controlled growth, which has involved a number of acquisitions along the way, we are now at more than 300 employees across our core businesses which stretch from Aylesbury to South Tyneside.

Our first acquisition was a 64-year-old company called Pipeline Protection based in South Shields that used to do some sub-contracting coating for us. We absorbed this within UTS Engineering. We then bought another South Tyneside company called Under Pressure Pipeline Services so we could expand our services. We also acquired some diverse businesses too. We acquired and invested in WarmSeal Windows three years ago, again to ensure its manufacturing was UK-based.

What do you love most about running your own business?

I love the team of people I work with and I have been given an opportunity to train young people and help them rise through the ranks of the business. Not everyone is cut out for the likes of a job with Google or wants a desk job, therefore our Apprenticeship enables young people between 16 and 25 to learn valuable on-the-job skills and complete time at college too. I'd like nothing better than seeing them follow in my footsteps over time and start businesses themselves. We have a great skillset of people in the North East and we need to use that because once it is gone, it takes a generation to bring it back.

How has UTS Engineering adapted to the challenges of the Coronavirus Pandemic?

Due to the nature of our work with water companies, UTS Engineering was deemed critical to national infrastructure by the Government, so our team were classed as keyworkers. There was also a real demand on the natural water resources the UK has during the pandemic due to a sudden increase in hand-washing.

We worked around the clock in January and February to maintain operations and I just had an inkling then that the situation was going to escalate. We carried out a risk assessment of home-working in mid-February before sending half of our internal sales team home to work remotely.

Initially it was just going to be a trial to see how it would go. However, as the spread of the virus continued and things didn't look to be improving, I took the decision to send our accounts team home at the end of February too which worked really well. Apart from a few initial IT difficulties, there was no negative impact on our business and due to an increased workload, it also meant that we didn't need to furlough any of our employees.

I applaud our home workers as they embraced working from home. It was different, but I have seen an increase in productivity and the wheels haven't fallen off. Our staff have been a credit to themselves and also a credit to the business.

We have implemented all of the PPE that the Government has advised us to put in place, created two canteens for the lads on the shop floor in Jarrow and have adhered to social distancing at all times. We had a part-time cleaner who was working on a contract basis and we decided that it was better if we brought her in-house, so created a new job for her.

Our fabricators and welders have done a fantastic job because without their commitment to continue working throughout lockdown, we would not be where we are now.

What has the business learned from the crisis?

Prior to the Coronavirus Pandemic, I had been against the idea of people working from home, but I've started to look at things very differently. I don't complain if they don't hit their eight hours, because I'm getting a job done more efficiently and more effectively than ever before.

The Covid-19 outbreak has really put us on a fast-track to use new technologies. We've had to put more IT systems in place within the business, but we have been able to adopt

these technologies quicker. For example, we've had Microsoft Teams on our system for about three years prior to the outbreak and a lot of other systems like it, but there were always reasons not to use them. It's



now become second nature to use Teams and we have regular digital catch-ups which are much warmer than a cold conference call.

The changes for us have been very dynamic, implemented very quickly and we are certainly going to continue with agile working for the remainder of 2020.

How have you helped others in the manufacturing sector during lockdown?

During the crisis, there were so many charities and organisations in need of help and we set

out to assist as best we could. Barbour had a contract with the NHS to make patient gowns and they knew I had an engineering company and an eye for problem-solving. They asked if I could take a look at an issue for them. The reams of material they were getting were so big that it was slowing their productivity down in making the gowns. I went along to the factory to see what could be done and within a day we had designed and donated a machine for free that would then help to speed things up. My view was that we were all in it together and we needed to help each other out. We also helped some of the local food banks with both cash and food to help the community get through these terrible times.

Who do you turn to for support when you need it?

In terms of support, we have had a long-term relationship with Haines Watts Newcastle. They have been our accountants since inception and their local office in Newcastle has always been the first port of call if I've had a business or legal query. There are people within the business I can always bounce my ideas off and if they don't know the answer, they always have someone in their network who will. The team have always been able to crystallise a very difficult position easily.



FACTFILE

- Sector:** Manufacturing
- Employees:** 300
- Location:** Jarrow, South Tyneside
- Challenges:** Liaising with the supply chain during lockdown
- Opportunities:** Remote-working

THE POST LOCKDOWN OFFICE

As companies transition back to the office and set out on the road to economic recovery, Donna Bulmer, managing partner of Haines Watts North East and Yorkshire discusses how we are adapting to the 'new normal'.

As we have worked with our team to adapt to social distancing and remote-working due to the Covid-19 lockdown, it's still hard to know exactly where we are headed. No one has a crystal ball, but one thing is clear, we all have to find ways of operating with more distancing over a longer period of time. This could result in a new strategy for many businesses.

Social distancing has created new limits on businesses due to the number of people that can return to an office or workplace at any one time, and there are a number of things business owners need to think about during this transitional phase.

Faced with this new business environment, companies are starting to look for opportunities to contain office costs in the future. And, after a forced trial of remote-working, some leaders are now viewing their commercial properties in a new light and starting to question whether they are paying for more space than necessary.

Environmental and behavioural change

Offices now need to be designed around helping limit the spread of infection, so the open-plan office as we know it could become a thing of the past. How we think about our workplace will no doubt be the biggest change of all. There has been a growth in popularity of co-working spaces and hot-desking in recent years, but Coronavirus is now forcing business owners to rethink whether they want, or indeed whether it is possible for their entire team, to be in one place.

Co-working was about increasing social interaction and breaking down barriers between teams, but suddenly that's not as tempting any more. While none of us want to go back to working behind closed doors or see a resurgence of cubicles, the working environment must change again.

As businesses look to reduce their carbon footprint, optimising property assets could reduce running costs and facilities management too. Companies are going to have to factor in changes to their structure, supply chains and operating models.

Safety, health and wellbeing

Furniture has been altered as social distancing measures have been introduced in our offices meaning people aren't sitting as closely together. We have already seen a reduction in the maximum occupancy for lifts to minimise overcrowding and glass shields installed at reception areas. Businesses also need to ensure employees have PPE, particularly if they are travelling to work on public transport. Staggering lunchbreaks to avoid gatherings is fast-becoming the norm and with breakout areas becoming a thing of the past. I think we'll start to see more contactless pathways so that people don't have to press buttons or touch keypads.

It's not just the built environment that is changing though. Business owners have an even greater responsibility to look after their employees mental and physical wellbeing too. It's vital as a leader that you keep the communication lines open and communicate regularly with your team during a period of so much change.

Procurement and financial considerations

Business owners have had to postpone, cancel and find online means of holding internal or supplier-facing meetings and events and this is set to continue for some time. This process is likely to affect your suppliers, disrupting orders and make it difficult to meet with key individuals to carry out site visits. There is also a risk that if the Government financial support measures are not enough, it could lead to supplier bankruptcies. Business owners will need to source alternative products if this happens, so it is wise to plan for this so you at least have options in an emergency situation.



Workplace evolution

Coronavirus is expected to have a dramatic impact on the health of the global economy for months to come, so it has made business owners dust off their continuity plans and rethink how they do things. Chances are some of the latest lockdown practices will stick and we could see even more remote working.

Offering more flexibility is certainly something that has been appreciated by the team at Haines Watts and we hope this will continue as they adapt their working schedule.

At a time when physical health is at the front of everyone's mind, flexibility of location has the added benefit of lowering the risk of infection and increasing a company's resilience. We've also started to rethink cross-country trips for our team because a flight, overnight stay with dinner and drinks no longer offers economic returns.

As we move towards a new working future, we need to look towards efficiency opportunities early on because one thing is certain, the lasting impact of Coronavirus has changed the definition of "business as usual" forever.



We sat down over Zoom with Michael Davidson, managing partner of Haines Watts, to discuss his career progression from teaboy at the company to overseeing over 40 offices nationwide.



A Virtual Lunch

...with Michael Davidson

Michael Davidson is the Group managing partner at Haines Watts, overseeing a firm of over 40 offices for the nationwide accountancy firm migrating to ten regions that will celebrate 90 years in business later this year.

He is one of a rare breed that has spent almost his entire career at one firm, celebrating 30 years at Haines Watts in 2021.

In this edition of Working Lunch, there was no trip to a fancy restaurant – because like every other business owner in the UK he was navigating his way out of lockdown as this interview was taking place.

So, settled at our laptops, our Working Lunch took place over a Zoom call from one end of the UK to the other, with a picture of the founder Cyril Haines watts looming large from the meeting room wall behind him.

You started as a tea boy at Haines Watts and have risen through the ranks to become Group managing partner, tell us about yourself?

I guess I should start with a bit about my values. I'm from a working class background where my mum and dad had a fairly low joint income but were grafters and big on trust and loyalty. I didn't leave school with many qualifications, and I guess I was the class comedian focusing on relationship building rather than the detail.

That threw me into the local sixth form college where I did a BTEC Business Diploma, but accountancy was the only one that got my attention and a distinction, so in deliberation

with my Dad we agreed I'd probably think about being an accountant. I got my first job on a £6,250 salary a year.

Just 18 months later in 1991 I joined Haines Watts – it was during the recession and nobody was hiring, but I think it says something about Haines Watts that they were and they took me on.

I was quickly making tea for over 70 people, which is more than most people will make in a lifetime – and why I don't do it now!

I was curious though, and that fascination with how people and businesses made money was what saw me get offered the opportunity to develop quickly in the firm.

By 23 I was a qualified accountant, and not long after I was given the opportunity to become a partner at the then struggling Slough founding and flagship office.

What have you learned about business during this time?

In making partner at 28 I was thrown right in at the deep end and I learned huge amounts about life, clients, business and myself.

I learnt that it is a great feeling to win work, and I thought 'I want to run this place'.

By then I had set my sights on London. Haines Watts was then a provincial firm and its efforts to make a play on London had failed.

In the early 2000s I worked incredibly hard building our London business, but I soon realised me running around London wasn't sustainable and in 2004 we did our first acquisition.

We made every mistake going, but we learned

the hard way how to buy and integrate businesses and we knew we'd do it better next time.

I enrolled on the Cranfield University Business Growth Programme (BGP) because I was clever enough to realise I didn't know everything about business, so I thought this would teach me the rest.

I did learn how to plan with confidence, but I recognized that I already knew the most important thing – you need to incentivise and motivate the people around you. I get a massive kick out of learning what makes people tick, and helping them focus on the things they are great at.

As well as breaking the £100m barrier last year, the firm has grown its regional presence in Greater London from £7m to £40m, which is a great growth story, how have you done this?

Our buy and build strategy has helped us achieve our growth ambitions, right back from that first acquisition in London.

Having now been involved on over 20 acquisitions, it's become clear as a management team of five that we've needed to migrate our roles to manage the whole business, moving way from managing both offices and clients.

We've now appointed managing partners of the offices in the M25 region and stepped back to let them step up – naturally they'll do things a little differently but as long as 80% of the time it's working well, we have to back our own people.

How has your behaviour as a leader changed given the challenges you will have faced working in business for over 30 years?

Ever increasingly I always prided myself on sleeping well at night, because I'd convinced myself that in relation to business fundamentals there's nothing I hadn't seen. Until the global pandemic came along!

That has been a huge challenge for all people in business, not least the leaders. I guess I'm not a typical accountant; people often mistake me for a builder! I'm straight talking and because of my non-traditional background my perspective on things in our space is a bit different and is valued.

I'm actually better at people and relationships than numbers. I like watching people grow and outperform their own expectations by stretching them to where I know they can go and that goes both for our clients and our team.

30 years brings a lot of experience, how do you pass this on to the next generation?

I'm actually surprised how little I'm asked. For example, we had a Leadership Development Programme assessment day where I met 10-15 of our rising young stars, but even then, I didn't get asked about my journey and any advice I might pass on.

When I was younger I loved being in the

company of the older generation; I just sucked up their knowledge. I think it's a shame that the younger generations seem to think the answers can just be Googled – real life experience has so much to offer. I believe you can learn at least one thing from everyone you meet in your life.

Without asking those who have lived it before, the same mistakes are in danger of being repeated in life, and in business. Successful people look for insight and experience; they analyse and unpick things to work out their strategy.

How about life outside work, how do you balance things?

We all struggle to spend more time with the family, I have a wife and two girls aged 10 and 13 – but lockdown has allowed me to do that. Like many working parents I've enjoyed the walks, talks and lunches with my family during these last few months.

Things haven't all been without challenge though – we exchanged on a house the day the pandemic broke so we've had to move during the pandemic, another level of stress.

I'm a sports nut, I'll watch any screen with a ball on it especially golf, and I'm a lifelong Chelsea fan.

If we weren't on a Zoom call, where would we have had our Working Lunch today?

When in London I like Goodmans, it's a small chain of US steak houses and I love the experience. Or we might have gone to Holborn Dining Rooms, which is a regular haunt of our London office.

Out of London I've been going to the same place with the Slough partners every Friday lunchtime for over 20 years – The White Horse in Hedgerley just off J2 of the M40. It's a bit of 1990s office culture I still enjoy – they say accountants like routine!



“Successful people look for insight and experience; they analyse and unpick things to work out a strategy.”



Contingency Planning For Businesses

Successful contingency planning for businesses

As the fallout of the Coronavirus pandemic is felt across the corporate world, Matthew Thorpe, managing partner of Haines Watts Hornchurch, takes a look at why contingency planning carried out at the beginning of the week often has to be revised days later.

Most business owners we work with are pragmatic, problem solving types already, it tends to be why they are business owners. Many accepted early on that it would not be possible for the Government to make accurate predictions and that the outlook would be fluid and change daily, so they made their own assessment on what was likely and how best they could deal with it.

State of play

When considering possible scenarios, the uncertainty around duration and impact of the crisis means the impact on your trading performance can change dramatically from one day to the next. Investing considerable time in preparing detailed profit and loss forecasts can be a waste of time. It is important to have a forecast but what is critical is that it is high level, flexible and easy to use, so that it can flex with frequent changes. Don't let the fine detail sucker you in!

How have you undertaken and executed risk planning?

Where possible, we encourage clients to take a clear, three-step approach and document meetings and decisions taken so that there is clarity and ownership throughout. In times like these it is easy to find yourself going round in circles. Those three steps are:

1

Survival Phase

Assess your cash position, what costs can be cut, what actions need to be taken or stopped immediately to generate or prevent unnecessary loss of cash. This is where your cash flow model becomes key and proactive conversations with customers, suppliers and staff should be happening. This stage is key to give you the peace of mind to move on to step 2 and approach it rationally.



2

Reflection Phase

Following any significant hit to your business, there is an adjustment period. A need to take a step back and consider what could have been done differently and what you want to change in the future. This remains true - even though we are out of lockdown. Many businesses could not have done anything differently but there will be owner-managers right now re-assessing their cash retention policies, credit terms and any other number of things within their control that, managed more prudently, may have eased the burden now being faced. Now is the time to be honest and make pro-active decisions to improve any areas of weakness. This then extends to looking forward and completing all the normal strategic analysis to see where your business fits into the future and what, if anything you want to change to give the best opportunity for success.



How did the plans change during the Covid-19 crisis?

The biggest change has been in timing. With most people planning for a period with limited income, estimating the length of time you will need to cover your costs for is critical and with the impact of Covid still unfolding, the deficit you are trying to deal with can grow rapidly.

The biggest shift in people's plans has therefore been how to bridge that funding gap. Businesses starting in March, planning for two months in lockdown without needing to raise finance, for example, could very quickly have found themselves needing to borrow significantly to fund a longer period of close down.

This has the knock-on effect of additional costs (interest, charges etc) impacting future results and reshaping future plans as a result.



3

Practical Planning

When you have done the work to ensure your survival in the short-term and considered what you want the future to look like, it is time to plan. This phase is about building high level profit & loss forecasts that reflect your strategic approach, developing organigrams to see how your new team looks and where responsibilities sit, system and procedures manuals that ensure the whole team has clarity and is pulling in the same direction. Putting together all the practical tools you need to have confidence that you are prepared to put your plan into action and make it successful as the new normal unfolds.

Whilst the impact of the Coronavirus has been unique because it is so all encompassing and felt so sudden, there are parallels with other situations many businesses go through in their lifecycle. The sudden loss of a major customer, for example, can have very similar short-term impact on a business's cash flow and necessitates the same kind of disaster planning to ensure recovery; the instant tightening of the purse strings, negotiations with suppliers, reviewing overhead and staff costs.

Whilst nothing is likely to compare to the feeling of helplessness and lack of control being experienced by so many business owner/managers in the current crisis, businesses routinely go through ups and downs. Business owners are resilient and often used to working through adversity so applying many of the experiences and plans they use in the course of ordinary business can set them in good standing to survive the current crisis and emerge ready to thrive.

3 ways to Build Resilience in Business

1 Stabilise the finances

Lockdown saw an acute focus on cutting costs and employing short-term tactics just to survive. Scenario planning and forecasting for the months ahead requires a strategic view of the numbers. Cost optimisation needs to take into account often hard to predict changes including, pressure on price, changing consumer purchasing patterns and intensified competition. This is over and above a clear understanding of the impact on your cash flow, of the end of the Coronavirus Job Retention Scheme (CJRS) and pending repayments of any tax, rent or other deferrals you may have negotiated during Covid-19.

It's likely you will need working capital to recover and reshape. Now is the time to set a baseline for the funds you will need both to tick over and to diversify your offering and explore new opportunities that may be essential for long-term survival. If your cash reserves are depleted do the work now to explore alternative forms of funding, be these asset financing, loans or opportunities like R&D tax claims rebates.

Throughout lockdown, most SMEs have focused on cutting costs and taking care of their people. As we look ahead, acknowledging that we are entering what may be a long and deep recession, what can you do to give your business the best chance of survival?

2 Secure your workforce

Employee retention is an essential part of rebuilding your business. Review your workforce to understand who is indispensable, what skills you may need if you have to change tack and whether you have the right mix of skills at the right levels in your business. If you have large numbers of staff on the CJRS and you know you're going to have to retrench, don't just make the decision on cost. Look at who you will need to help rebuild.

Include your staff in your planning process as you build and reshape. Engaged employees will have a sense of ownership and be more likely to support you with difficult changes that may need to be made.

3 Prepare for a different future

The pandemic will undoubtedly have highlighted gaps in your current technology or operational set-up. Reassess your digital capability and investment now and look at how you can improve these and fund investment – particularly when cash is tough to come by.

Bolstering your digital investing is about securing customers and your people. You need to build today to ensure you can continue delivering to your customers who may have radically changed their buying behaviour. Invest in delivering a great digital customer experience.

While not all workers or businesses can operate in a wholly online environment, ensure that where you can do deliver a competent and confident digital environment for your people.

Access to accurate management information quickly, has never been more important. Make sure you have instant access to the data you need through Cloud solutions. Software as a Service (SaaS) is not just about software but nowadays extends to activities and processes. Look across your organisation at those operations that can be fulfilled through new platforms – this will provide focus for your innovation and investments.

Develop your strategic vision and find ways of doing things better, cheaper and differently compared to your competitors.

Everything is changing so fast right now. To give your business the best chance of success, it's vital to plan, evaluate scenarios and forecasts and to keep doing so on a far more regular basis than before.



HOW I UNWIND ...with Karen McLellan

Everyone needs a decent work-life balance according to Karen McLellan, Managing Director of Haines Watts Hereford. Here she discusses what has relieved the executive stress for her in these uncertain times and helped her find that all-important down time.

While Covid-19 has thrown business owners a curveball in 2020, it has also enabled some of us to spend more quality time with our families. The 'workstation' has become the dining table as I have combined time with my children, leisure time and the increased workload that Covid -19 brought both from the perspective of running my business and supporting my clients.

The time I saved on commuting meant I was able to have dinner each night with the family which proved a huge positive.

Getting up and leaving my desk was a particularly pronounced problem in the office, but with two children to oversee, I've had to down tools at times. I've also made a point of fully switching off from my day-to-day responsibilities at the end of the day ensuring my home is well balanced for work and play and my laptop is put away.

With digital technology making it easier for the workforce to stay connected and with lockdown being the litmus test for future ways of working, there is now no reason our staff can't be productive elsewhere going forward.

Step away from your desks and be inspired by everything that we are currently raving about...

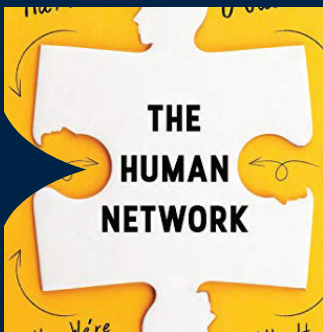
Podcast – Thrilling Tales of Modern Capitalism

This captivating podcast looks back at the past of a different company each week and plots out how they got to where they are today – whether they're huge successes or terrible failures. The episode about how DomiNick's, a failing pizza joint in Michigan sold to the Monaghan brothers for \$1400 in 1960, turned into the globe-straddling behemoth Domino's pizza, is fascinating.



Book – The Human Network – Mathew O. Jackson

Civilization depends on connections between people—on 'the human network'—for trade, cooperation, and communication. In this beautifully readable and fascinating book, Matt Jackson shows that the science of networks can help answer deep questions such as why inequality and polarization arise, and how biological and financial epidemics spread.



Album – Laura Marling – A Song For Our Daughter

Described by The Guardian as a "A warm, fresh intimacy that feels welcome in a world of Zoom meetings and FaceTime catch-ups", Marling's song writing just gets deeper, more confident and better with every release. Here, she shares Joni Mitchell and Cat Power's poetically observational powers over warm-boned arrangements.



News from the regions

CELEBRATING SLOUGH

Haines Watts has had a long and successful history in Slough. As the firm celebrates its 90th anniversary, and like all businesses, deals with the impact of Covid-19, it also celebrates the opening of its new Slough office, which it occupied in June.

With good road links to London and the M25 area, a CrossRail station opening locally, a £3bn regeneration project for the town and access to a diverse talent pool, Slough is a strong base which to serve existing clients and grow.

The new office also reflects a move within Haines Watts to agile based working, which offers workplaces that can meet the different and changing needs of the firm's people and clients. An established precedent for remote working enabled the firm to adapt quickly to changes brought about by the pandemic, but has also meant that tactical solutions to manage a return to work and provide a safe environment for staff and clients could be implemented from day one.

The firm will continue to recruit latent locally and invest in the next generation in Slough.



Community support

Haines Watts Holborn partner James Maxwell took it upon himself during lockdown to help the London community where he lives.

James knew the elderly and vulnerable in his village could do with some help and so he started to think up ways he could show support and keep them safe. It started with him writing a letter that was sent out to anyone in the community who was elderly, medically vulnerable or self-isolating on NHS advice – that included 900 homes.

Over the course of three months, James was part of an army of volunteers who shopped and delivered to 25 vulnerable people in Highlands village, north London. The initiative evolved until eventually every vulnerable person had their own volunteer. The group also cooked meals for families to help schoolchildren who were going without their usual school dinners.

Well done James!

Around the World Challenge #StrongerTogether

Due to the impact of the global crisis on personal and professional lives, Haines Watts launched an internal campaign, Stronger Together, to support people's health and wellbeing and signpost them to internal resources.

It initially ran through the month of April in the form of virtual calls to check in with people and show support for Stress Awareness month. The campaign continued in May to support Mental Health Awareness Week with the launch of the national Around the World Challenge created by Kate Barber, Group People and Training Advisor.

The challenge was set up on Strava and the goal was to collectively walk, run or cycle the circumference of the Earth, 24,901 miles, in 12 weeks. Beginning the challenge on 22 May 2020, 266 people across Haines Watts completed it in a staggering six weeks, covering 24,970 miles!

Haines Watts (North West) sends a rainbow thank you message to frontline Care Home & Hospice staff

When Terry Cheesman heard about a charity keyring campaign run by one of his design clients in the South West - Inspirations Advertising & Design (Teignmouth), it made perfect sense to get involved.

He said: "It ticked all the boxes of our evolving corporate responsibility campaign, whilst sending a thank you message to those care professionals on the frontline during the worse of the Covid-19 peak."

We asked the team (who work across our Hales and Liverpool offices) to nominate organisations. The obvious choices came back as Woolton Grange Care Home & St Ann's Hospice, both having a significant meaning to the families of three of our staff across our two offices. So we arranged for 80 Rainbow keyrings (in sustainable birch, plastic free and 100% organic dyes/pigments) to be made and sent to the staff to say Thank You. In addition all the profits are going to Covid-19 related charity efforts.

CITY SPOTLIGHT ON... MANCHESTER

With its industrial heritage, rich musical history and footballing prowess, it's no surprise that Manchester is one of the fastest growing cities in the UK. Who better to show us what it has to offer than our Manchester office MD, David Fort.

How to get around

While Manchester's Metro system is great, it is also a big city that is easy to walk around. We've been getting creative on how to connect with co-workers and stay healthy over these past few months with "walking meetings". There's nothing like bouncing ideas off one another safely in the fresh air.

Where to stay

There are a range of both budget and luxury hotels in the city. A good option for an overnight stay is Motel One on Market Street, right in the middle of both the shopping and business district.

A business lunch

Two of my regular spots, which are close to the office, include Kala Bistro on King Street and Wood on First Street. Both have a really good atmosphere, but they aren't loud like some of the other establishments which means you can have a good chat and enjoy an excellent meal too.

Networking

During the pandemic, networking opportunities were few and far between as restaurants and bars remained closed. Myself and a few of the partners were keen to show our support for businesses trying to make ends meet and opening up as take-aways. So as a treat, we ordered from My Thai in Bridge Street and Piccolino in Clarence Street.

Afterwork drinks

Over in the heart of Spinningfields, the old cotton mill area, the iconic rooftop restaurant and bar, 20 Stories, offers amazing views over the city's skyline.

An early dinner

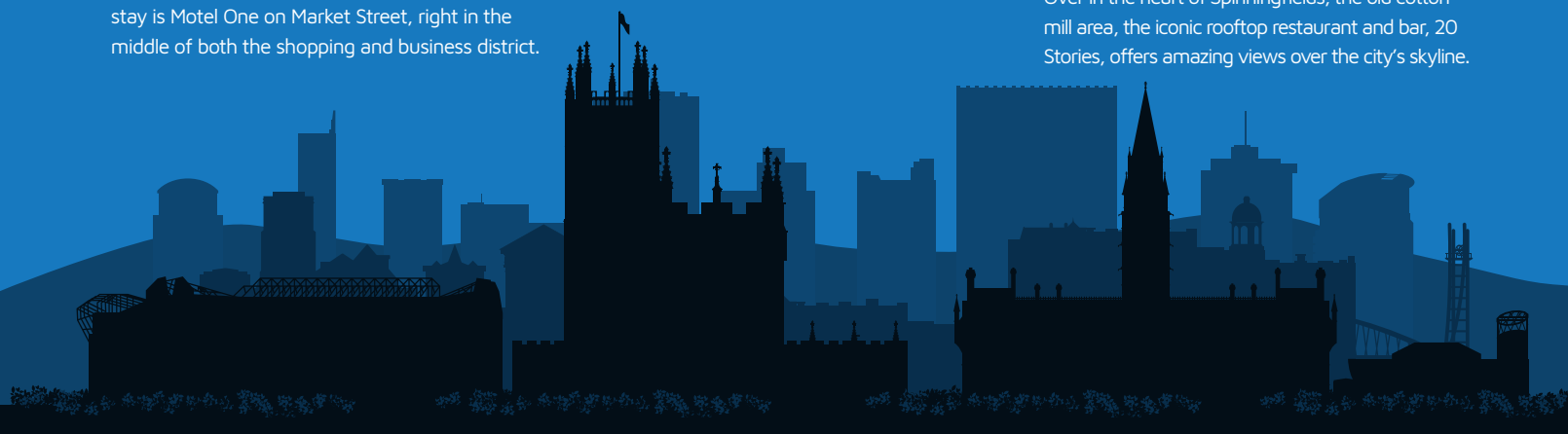
Grand Pacific is a great spot if you're looking for somewhere special to host a works party. Its interiors are opulent as it is within the renowned Grade II listed Manchester Reform Club. It certainly has a high-spirited atmosphere on an evening with a late license and DJs playing eclectic tunes - and it's really handy for our office.

Weekend digital detox

While Manchester city doesn't boast a lot of green space, the extensive canal system makes it a great space for running, cycling and a lot of other activities too. Meanwhile in Greater Manchester, there are plenty of parks and green spaces to take advantage of. There's Fletcher Moss Botanical Gardens, Whitworth Park, Stalybridge Country Park and Peel Park. I am a football supporter too and so I do get along to games at the Etihad Stadium from time to time.

Where to get free WiFi

When it comes to digital, Manchester is the home of tech. It's fast becoming a digital hub, which has in turn, created a growing demand for specialist digital roles which I think we're definitely going to see more of. You can get free WiFi almost everywhere in the city.





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