

THURSFIELDS CHARTERED ACCOUNTANTS

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Hello and welcome to our monthly newswire. We hope you enjoy reading this newsletter and find it useful.

Best wishes,
Jennifer Thursfield

Business Ethics

The new generation of professionals are concerned about corporate social responsibility (CSR) and want to work for ethical businesses.

The ethics of any firm are determined by its actions. If bending the rules results in rewards for some people as a result of increased short term revenue, or other perceived benefit, then many in the business will rightly believe that ethics don't matter, performance does. In other words, the end justifies the means. There will almost always be a tension between doing the right thing versus prioritising short term gains. Here are some tips to help you to build a more ethical business.

Be someone who you would want to discuss business with

If someone has a history of unethical behaviour, you will probably decline the opportunity of doing business with them. Sacrificing ethics usually means that someone (a supplier, for example) is getting an unfair deal. Do you want your firm to be associated with this type of behaviour? Is it worth the potential reputational damage?

Accountability

Everyone in the business should be accountable for their actions. Management should lead by example and should own their mistakes as well as their successes, earning the respect of staff. Unethical behaviour should not be tolerated.

Values

Business leaders must take time to understand their own personal values and those of the team, what the value statements of the firm should be and identify gaps that exist between aspirational goals and current behaviour. To ensure buy-in and commitment from the whole firm, try to include members from various levels across the business to help create a "Code of Conduct" that is aligned with the firm's ethical vision.

Establish Trust

Build an environment of trust with employees in order to create a business culture where employees feel free to discuss ethical dilemmas and issues with management.

Communicate

The management team should ensure that the vision and code of conduct are communicated to everyone within the business. This can be done through policy manuals, training, internal newsletters, team meetings, etc. Efforts must be made to gather feedback from across the business in order to identify employee concerns regarding the ethical environment within the firm. This should be a continuous improvement process to identify concerns and improve the overall ethical direction of the firm.

Is Outsourcing Right for Your Business?

Social selling

Outsourcing is not just a strategic option for large international corporations, small and medium sized firms can benefit too from the efficiency, functionality and cost savings of outsourcing. Outsourcing simply means "contracting out" various functions of your business. A common misconception is that outsourcing is always done overseas. Moving your IT helpdesk to India can save a lot of money, but there are many providers in the UK that can provide an IT helpdesk that is cheaper than having an in-house support function.

Cost Savings

By outsourcing functions that were previously performed in-house, businesses can reduce their employee levels and related costs such as recruitment, salaries and benefits. By outsourcing a capital intensive function, you can also reduce the costs of equipment obsolescence and depreciation.

Quality of Service

Because your firm is the outsourcer's customer, they will want to keep you happy. You can therefore benefit from a more "can-do" approach, which may not always be what you get from an in-house team.

State-of-the-art Technology

Outsourcers have to spend time and money on the most up to date equipment and on employee training to remain competitive. By outsourcing certain areas like website hosting, virtual desktops or email, you are ensuring that your firm will always have access to the latest technology platforms. Taking IT as an example, an outsourcer is likely to have more up to date technology such as the latest servers and software.

Price Stability

By signing a contract to outsource, you will be able to lock the supplier in to a pricing agreement. This gives the business certainty in terms of costs. As a result, the firm will be able to budget operating expenses and capital purchases more accurately, while reducing the likelihood of unforeseen costs.

More Time to Focus on Core Business Activities

If your firm is to be successful and profitable, the management team needs to spend time planning and directing the company's business strategy and not wasting time worrying about managing administration, payroll, IT or HR. Outsourcing these functions allows the business to focus its management resources on driving the business forward.

Outsourcing isn't for Everyone

Some might argue that outsourcing creates loss of control, less flexibility, questionable savings and the risk of over dependence on external vendors. Signing up to and implementing an outsourcing arrangement takes considerable management time. Finding and selecting the right outsourcing company can take months. Outsourcing companies need to be given overall direction and guidelines in terms of what needs to be done, and therefore, some level of supervision by management will ultimately be needed. It is important to be careful when deciding what business functions to outsource and to whom. The management team needs to be clear in terms of its expectations and the cost savings must be attractive and worthwhile for the business.

Exit Strategy

Building a good business is one thing. Knowing when it is time to sell it is an entirely different matter. For many entrepreneurs it's not enough to build a business, they have to make sure to have an exit strategy, a way to get the money back out.

Depending on who you are and what kind of business you have, an exit strategy may mean something completely different to you compared to somebody else. Is it a retirement plan or are you ready to move on to your next venture?

Without a proper exit strategy, you risk losing some of the value that you have created. You could miss the perfect opportunity to sell your business as a result of being unprepared. Here are a few things to consider when creating your exit strategy.

Options

Consider the various options that will be available to you. You can sell the business outright and move on. Another option might be to list the business on the stock exchange through an Initial Public Offering (IPO). This would allow ownership of the business to transfer to shareholders but you probably wouldn't be able to walk away immediately. Perhaps you want to pass your business on to the next generation. In order to do this you may need to set up a family trust so that you can structure the transfer of ownership to your children in an appropriate manner. Another option may be to wind the business down, extracting cash over a period of time and eventually just close the doors.

Timing

Only you will really know when it is time to exit your business. You may feel you have had enough, are too old or perhaps or are ready for your next challenge. You may see the potential to expand into other markets and need to find a way to fund that opportunity. Regardless of when you are ready to sell, make sure that the timing of the sale is right for the market. You should also build enough time into your plan to allow for professional advisors to complete due diligence, etc.

The Right Team

Consider the team of advisors that you will need to successfully complete the transaction. The business will need to be valued, you will need tax and legal advice. There will be lots of administration required and you may also need to consider financial planning to create appropriate structures to manage your wealth as a result of the sale.

Cost

Regardless of the type of exit strategy you choose to develop, there will be an element of cost to consider. Whether professional advisor fees, tax bills or transaction fees, make sure that you have enough cash provisions to cover the exit costs.

Twitter Website Cards

They say that "a picture paints a thousand words," and Twitter's recently unveiled "website cards" might just show that statement to be true.

Available on both desktop and mobile, Twitter cards allow marketers to add media to tweets – meaning businesses now have additional space to add content to. Users can attach photos, videos and media to Tweets that drive traffic to their website. Users simply have to add a few lines of HTML to their webpage, and those who Tweet links to that content will have a "Card" added to the Tweet that's visible to all of their followers.

The website card allows users to easily discover interesting content while giving advertisers the ability to drive a higher volume of clicks since users are able to preview an image, related content, etc.

Website cards can be used to drive traffic to your website's homepage, a product page or a specific landing page, perhaps giving your audience a little preview, or further information about what they will find when they click through.

Business users of website cards can use a range of targeting options based on signals including keywords or tailored market segments. The website cards can also be used in conjunction with conversion tracking to measure the end-to-end conversion from a Tweet engagement / Twitter campaign through to a user making a purchase or signing up to say, a newsletter.

The main reason these cards are useful is that they can be used to create a "call to action". If you get your content and marketing message right, you should be able to improve your click-through rates to your website.

You will need an advertiser account on Twitter to start creating website cards. Twitter has now made its advertiser platform available for businesses in the UK, USA, Canada, Ireland, South Africa and a few other countries. The website cards are pretty easy to create but it is worth noting that:

- Maximum image size is 1 MB
- Minimum required image height is 96 pixels
- Minimum required image width is 240 pixels
- Minimum of 5:2 aspect ratio required (An image of 640 pixels x 256 pixels).

Please contact a member of our team if you would like to discuss any of the issues raised – we look forward to hearing from you!