

Expert eye

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Keeping it in the family

ACCORDING to The Economist, family businesses make up more than 90 per cent of the world's companies. Asia, the world's fastest growing region, is dominated by powerful family-run businesses. But it's not just the high growth emerging economies where family businesses are so important.

In the UK, 40 per cent of private sector jobs are with family businesses (Institute for Family Business) and family firms make up 66 per cent of SMEs (though 40 per cent of big stock market listed companies still have a controlling family). With £1.1 trillion in annual revenues and 9.2 million jobs, family businesses are a major player in society, a large employer and an economic force. Their success is vital to the economy.

Our research revealed that the majority (64 per cent) of family businesses are still owned and operated by the first generation of the family.

As economic and technological change accelerates, this can create gulfs between generations, particularly around the future development of the businesses.

When asked about decision making priorities, 53 per cent of respondents said business issues were the main criteria, while 20 per cent said family issues took precedence. The remaining 27 per cent said both had equal weighting.

Potential conflicts between the two – business and family – clearly have repercussions as 87 per cent of respondents said that business disagreements put a strain on their family relationships. In addition, 59 per cent said emotional elements affect important business decisions.

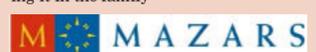
The UK's three million family businesses share a great many issues, primarily concerning succession and decision making.

While this is never easy in any organisation, understanding these and other related issues in family businesses takes specialist knowledge, training and experience.

No two family firms are identical and neither are their requirements. Strategy and succession and 'fair' treatment of family members can all cause debate within some families, with birth order and gender frequent stumbling points within discussions about succession planning and income distribution.

Other families manage to agree an approach that everyone can buy into. A solution based purely on what is legal may not be the most effective. Instead, an agreed approach or 'family constitution' can help to defuse difficult situations by providing a framework which makes it clear how decisions will be taken across the whole business.

A copy of the full report is available on the Mazars website <http://www.mazars.co.uk/Home/News/Latest-news/Keeping-it-in-the-family>



Business Awards

Lift knows when you need it ... and where you're going

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BRISTOL company has found a clever way to help a big employer improve productivity... with smart lifts to know when you need them.

Sovereign Fire and Security, based in Avonmouth, installed a state of the art building management system at Ty Admiral in Cardiff, the home of Admiral Insurance.

With 2,500 employees, the company found staff were waiting around for lifts at busy times such as lunch and break periods.

So when it moved offices, it commissioned Sovereign to fit a smart lift control system.

Previously, you would call a lift, wait for it, then choose the floor you wanted when you got in.

Now once the employee's card is



● The smart lift at Ty Admiral in Cardiff and the team at Sovereign Fire and Security

“Our company is leading the way in innovation to help businesses become more efficient

swiped at the access control reader at the gate, a message is sent to the system and an LCD screen then displays the lift number that the employee needs to enter.

The lift will already be set to their destination. The system will also send anyone else entering the building who needs to go to the same floor, to the same lift. This saves time not having to stop at each floor.

The new system also cuts down the wasted energy use, meaning it is better for the environment too.

Sovereign Fire and Security managing director Marek Jakubczyk said: “Our company is leading the way in innovation to help businesses become more efficient through clever business management systems using the latest technology.

“The new access control and lift destination system at Ty Admiral is a great example of how technology can be used with security systems to enable the business to run more effectively.

“Ty Admiral's system also has



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the added benefit of being more energy efficient and decreasing time wasted on breaks.”

The system, which has been developed together with TDSi and the lift manufacturer OTIS, is the first one of its kind in the UK.

Sovereign Fire and Security is a finalist in the Small Business category at the Bristol Post Business Awards.

The sold-out awards take place on Thursday with more than 500 people from the Bristol business community attending the black tie dinner at the Passenger Shed.

For coverage, follow @gavin_thompson1 on Twitter on the night, check out southwest-business.co.uk or see next week's special edition of *Business*.

Europe

Leaving EU dangerous for business, say most bosses

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ALMOST two thirds of bosses in the region think leaving the EU would pose a risk to their business, according to a survey by Business West.

The organisation, which includes the Bristol Chamber, had almost 1,000 responses to its latest economic survey from businesses in the West of England, Gloucestershire, Wiltshire and Swindon.

A significant majority of firms believe that leaving the EU would pose a risk to the UK economy (81 per cent), and their business (66 per cent).

Almost two thirds of local businesses (61 per cent) would vote to stay in the EU if the vote was today, compared to 24 per cent which would vote to leave.

The number who would vote in favour rises to 76 per cent if a future negotiation of terms made the relationship more beneficial to the UK.

But the findings are not totally clear cut as 58 per cent of firms feel that they need more information before making an informed decision on EU membership.

Among the businesses taking part was James Madelin, Bristol based entrepreneur behind online photography supplies company enlight photo.

Strongly in favour of staying in, he said: “I'm horrified and disgusted that the UK is even considering leaving the EU. Makes us a laughing stock across the world.”

Another was Lucy Tilney of Bristol



“For many South West firms the referendum is not an abstract question, but one with real and personal consequences.

Phil Smith
Managing Director
of Business West



Home Stay Tuition. She said: “My main business is from Europe – students wanting to improve their English. Being part of the EU is a definite benefit.”

On the other side, David Morgans of DE Industrial Cleaning, said: “When we joined the Common Market it was for just that reason, and the free trading that was then available was very good, cutting out all those tariffs which we had to apply and also pay.”

“So it was a good thing. But then the politicians saw greater opportunity to expand the Union for their own purposes and it has steadily degenerated since.”

And Mark Wolff of Mr Wolf's Noodles & Nosh in the city centre, said the EU was “a very expensive

club, the biggest gravy train that has ever been put in place”.

Phil Smith, managing director of Business West, said the business community was sending a clear message that leaving the EU poses a risk to both the economy and our day to day trade.

He said: “Strikingly, two thirds of businesses surveyed believe that leaving the European Union could pose a direct risk to their own business, demonstrating that for many South West firms the referendum is not an abstract question, but one with real and personal consequences.

“Another important theme to come from the survey was the need for a better informed debate with more detailed information about the costs

and benefits of the European Union.

“Businesses want clarity, and an informed debate based on a cool headed assessment of the consequences for the economy, not a decision based upon emotion.

“There is no doubt that this one of the most significant political events of our lifetime. The referendum will be of profound importance to the UK and to South West businesses.

“It is no secret that the EU isn't perfect, with many local firms telling us that they want to see action taken to address burdensome regulatory barriers during the renegotiation period. However, the clear message is that leaving Europe would be a risk and that staying in is the strong preference of the majority of the business community.”

Property

Office sale sign on investor confidence

● ONE of the first speculative office buildings built in Bristol since the recession has been sold – and the proceeds could be ploughed back into more development in the city.

Skanska has exchanged contracts for the sale of 66 Queen Square to Aviva Investors Property Trust for £32.7 million.

It's the latest sign of investor confidence in Bristol's property market, following the sale of the Spectrum office by Cabot Circus last week.

Part of that confidence comes from the number of new companies coming to Bristol – with Invest Bristol and Bath last week reporting 900 new jobs were being created – and existing firms committing to the city.

One of those is accountancy giant KPMG which recently took a 15-year lease on most of 66 Queen Square at a headline rent of £28.50 per square foot. Handelsbanken recently agreed a 10-year term, both



without tenant breaks.

Skanska UK managing director development Andreas Lindelöf, Managing said: “This is a fantastic result for us. We started this speculative development in 2013, confident that the timing was right for the Bristol office market, and we have been proven correct.

“We have secured an exceptional occupier – KPMG – for the majority of the scheme and we are delighted that Handelsbanken has taken a 10-year lease. We are also close to letting the remaining space.

“The high quality of the development and great covenant has helped us to achieve a great result in the Bristol market and builds on the confidence in the UK's regional office markets for developments like 66 Queen Square.

“We are excited about reinvesting the proceeds of the sale into our target markets of Bristol and London, and continuing to develop market-leading, sustainable office buildings.”

JLL and Alder King advised Skanska on the sale of the investment. Knight Frank and Tuffin Ferraby Taylor advised Aviva Investors. Alder King and JLL are letting agents for the development.

Investment

900 new jobs set to be created in the West

NEARLY 900 new jobs are set to be created in the West of England over the next three years after 37 new companies invested in setting up a base in the region in 2014/15, new figures show.

Global software technology company Oracle has committed to investing in Bristol, American supercomputer giant Cray Inc earlier this month opened its European, Middle East and Africa headquarters at the company's new office in Bristol, and leading global provider of business process outsourcing services, IBEX Global also has a base in Bristol.

In total, 886 new jobs have been committed in the region thanks to

the arrival of 37 companies in locating here in 2014/15 - beating the region's target for job creation of 850.

According to figures from UKTI, within this total, 552 new jobs were specifically as a result of 26 new companies attracted from overseas.

Matthew Cross, pictured, head of inward investment at Invest Bristol & Bath, the agency that spearheads the region's programme of inward investment, said: “It is clear that our strategy for attracting new investment into the West of England is paying off.

“It is excellent to see that the contribution we are making is not only beneficial to the region, but to

the UK as a whole, thanks to the large proportion of inward investment projects that hail from overseas.

“Looking ahead, we have a strong pipeline of inward investment activity, with interest from a major US-based tech company with the potential to generate 180 jobs, a green tech firm with the potential to create 100 jobs and a financial and professional services business with the potential to generate 200 jobs.

“The conversations we are having

with companies looking to invest in the region could result in the creation of an additional 3,500 new jobs over the coming years.”

Colin Skellett, chair of the West of England Local Enterprise Partnership, said: “The West of England region is making a significant contribution to the UK in terms of the businesses it is attracting into the country and is therefore a vital part of the jigsaw in the UK's inward investment success story.”



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