



# NETWORK

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Royal Military Police help to build bridges in Umm Qasr  
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- *UK business confidence starts to improve, with signs of post-war recovery under way in most sectors of the economy.*
- *Interest rate cuts and a competitive pound help to lift the gloomy mood, with the first signs of a turnaround in manufacturing.*
- *Consumer spending is on the increase – although not as much as expected.*

## Baghdad bounce arrives

**UK business confidence has finally started to improve, months after the end of the main phase of the Iraq war.**

July's interest rate cut and the competitive pound are helping lift the gloomy mood that persisted after the conflict, according to the latest BDO Business Trends report.

However, confidence is brittle, and economic growth is weak.

The latest 'poll of polls' reveals the green shoots of post-war recovery. But with recent figures showing a spike in consumer borrowing, BDO Stoy Hayward expects the Bank of England to leave interest rates unchanged for the moment. There is a strong chance, however, that lukewarm growth will drive the MPC to cut rates to 3.25% by the year-end.

The BDO optimism index – an indicator of

GDP growth two quarters ahead – saw a modest improvement in July, edging up from 98.0 to 98.4, its highest level since the first half of 2002.

As some cheer trickled through from the financial markets, it was the service sector that received the lion's share of the benefit.

However, the optimism index remains below levels from early 2002.

According to the BDO output index, order flow remained patchy as businesses focused on improving profit margins.

Consumer spending, meanwhile, has been surprisingly resilient, despite business fears during the first half of the year.

Although September's expectations were not fully met, retailers are anticipating strong sales growth to show in October's figures.

### SURVEY SHOWS SIGNS OF TURNAROUND IN MANUFACTURING

One of the UK's leading economic surveys has shown the first signs of a turnaround in the fortunes of the UK's manufacturers. However, in the absence of evidence of a sustained strengthening in global markets, it is still too early to speak of a full recovery.

The EEF (Engineering Employers Federation) has announced the second consecutive improvement in balances reported by members in its report for Q3.

For the first time in over two years, more companies reported output and orders expanding rather than contracting. But it was demand for exports that propped up order books this quarter, as companies continued to report a decline in domestic orders.

In addition, levels of optimism about the future have improved, although they are only a little above where they were in the middle of last year. Fewer companies are now reporting plans to scale back investment over the next 12 months than at any time over the past two years.

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## business information

▶ **Investment set for modest recovery**

Business investment may only experience a moderate recovery next year according to the findings of a new report published by the Institute of Directors (IoD).

The IoD found that the degree of economic uncertainty at present provides companies with an incentive to postpone or delay investment.

Graeme Leach, Chief Economist at the IoD, and author of the report, said: 'Companies continue to act in a cautious manner whilst the government spends money as if there is no tomorrow.'

'Short and long-term economic prospects will improve when the corporate sector spends more and the government spends and taxes less.'

▶ **Shock at 20% rise in Minimum Wage**

The announcement that the Minimum Wage is set to increase by almost 20% over the next year has shocked many in the beleaguered SME sector.

The Forum of Private Business (FPB), which represents over 20,000 SMEs, employing over 600,000 people, has warned that the proposals will have a negative knock-on effect for many businesses and the employment prospects for the least advantaged.

The proposals have also been criticised by both the British Retail Consortium, which referred to the increase as a 'tax on jobs and job creation', and the Institute of Directors which fears that the changes will act as 'an incentive to drive workers into the black economy'.

The Minimum Wage will rise from £4.20 to £4.50 next month and there are plans to raise the minimum wage to £5 per hour by next year.

# Crunch time for Brown: Business waits for action

**For all the Chancellor's talk, business is still waiting for evidence that the government is on its side**

Business leaders say the coming year will be a 'crunch time' for relations between business and government.

David Frost, Director General of the British Chambers of Commerce, said members faced a mounting tide of tax and red tape.

And he said Chancellor Gordon Brown had yet to prove his commitment to helping small businesses.

Reacting to the Chancellor of the Exchequer's speech to the Labour Party Conference, he said: 'The Chancellor faces some tough choices in the immediate future. He may have to raise taxes to balance his books.'

'We would strongly suggest that all expenditure be reviewed to find potential reductions in public spending before considering tax increases.'

'A business with cashflow

problems would have to examine its spending before raising prices. We suggest that the government does the same.'

'There cannot be any further rises on taxes for business if the Chancellor's words on economic growth are to be matched with actual government action.'

'He claims that the government is on the side of small businesses, but our 135,000 members would tell us that ever-rising tax and National Insurance, plus £20.6 billion of new red tape since 1997, do not match up with his fine words.'

'We reserve judgement on this speech until business sees the evidence that the government is on our side. Currently the decision from UK plc is in the balance.'

'This is crunch time for business's relations with the government.'



## CHANCELLOR'S BLACK HOLE CAN'T BE FILLED BY BUSINESS

Gordon Brown's £11bn black hole can't be filled by business, as strong retail sales fail to make the case for a rise in interest rates.

That is the message from David Kern, Economic Adviser to the British Chambers of Commerce, reacting to the latest figures on public sector finances and retail sales.

'The huge borrowing figures confirm that public finances are worsening at a worrying pace, and the deficit will be considerably higher than the Chancellor forecast in the Budget,' he said.

'The figures highlight two main risks. Firstly, the rapid increase in borrowing may eventually necessitate in due course higher taxes, and this may "crowd out" the wealth-creating business sector.'

'Secondly, the strong rise in retail sales may be seen by some as a justification for a premature and potentially damaging increase in interest rates.'

## news

**VAT MOVE:** Companies may soon be able to recover VAT costs which could amount to millions of pounds on past and present share issues and AIM listings, says accountants and business advisors, PKF.

Tim Buss, director of VAT at PKF, says: 'Companies which have incurred costs with share issues or AIM listings should speak to their VAT advisor and make protective claims now, to ensure they are not missing out on substantial cash rewards.'

The background to the case is complicated, but historically, Customs viewed issuing shares as an exempt supply and any VAT incurred in respect of related costs, for example, on professional fees, as irrecoverable. However, two recent cases have challenged this view.

**MANSLAUGHTER RISK:** Proposed new corporate manslaughter legislation could have dire consequences for thousands of UK businesses, warn health and safety experts.

'Legislation of this kind would almost certainly extend to the traditional office environment,' says Peter Wilson, managing director of RiskSmart.

'If you have even a single employee, you are required by law to comply with the Health & Safety at Work Act. Failure to do so could certainly be seen as negligence on the part of the management, and thus could have serious repercussions under this proposed legislation.'

**CASHFLOW FAILURE:**

Failure to have a well thought-out cashflow plan is a significant factor that leads to 80% of small businesses failing within two years, according to a new survey by Palo Alto Software.

The statistics show that a significant number of companies that go into liquidation are profitable at the time. They have profits, but not enough money to pay their bills.



**HIGH STREET BOOST:** Hot weather affected retail sales in August, but September's figures were up – though not by as much as had been expected.

## ► Retail sales on road to recovery

Retail sales growth recovered in September but by a lot less than expected, according to the CBI's latest monthly Distributive Trades Survey.

After strong growth in July, sales were stifled by the heat of August. With a return to more normal trading conditions retailers expected a significant bounce back in September, but much of it failed to materialise.

A total of 43% of retailers said sales were up compared with September last year, while 26% said they were down. The balance of +17% is up on the +12% of August, but still well down on the +27% of July and the +28% expected for September.

Despite expectations not being met, retailers are still anticipating strong sales growth to show in October's figures. Around 40% of retailers believed sales would be up, while 15% thought they would go down.

## ► US economy bouncing back

Further upbeat news from the US has prompted significant upward revisions to forecasts for the world's largest economy – and that can only mean good news for the UK.

HSBC Economics and Investment Strategy have raised their projected GDP growth rates for both this year and next by 0.4 percentage points. They now expect the US economy to expand by 2.3% this year, and by a further 2.6% in 2004. These growth rates are still well short of those seen in the heady days of the dotcom boom, but by any other yardstick would be considered a solid enough performance.

The second estimate of GDP for the second quarter brought some hefty upward revisions. It now appears that the US economy expanded by a robust 0.8% between the first and second quarters. There were upward adjustments to consumer spending and business investment, while defence spending was more than a tenth stronger than in the first quarter.

Meanwhile, the Conference Board's consumer sentiment index rose sharply in August. The reading of 81.3 compared with a revised figure of 77 in July.

## business information

# Economic outlook: latest key trading data

## Background indicators

The CBI has scaled back its forecasts for economic growth, pointing to the UK's 'anaemic performance' in the first half of the year and a slow recovery in global trade.

The employers' organisation now believes UK growth will average 1.8% in 2003, a downward revision of 0.3%. It expects growth to average 2.4% in 2004, a slight cut of 0.1%.

UK GDP growth for Q1 and Q2 was below market expectations at 0.1% and 0.3%, respectively. This followed strengthening growth in the second half of 2002.

With lower growth reducing government tax revenues, the CBI predicts government borrowing will have to rise further, reaching £32.5bn in 2005 – £8bn more than the Treasury forecasts announced in the last Budget.

## Sector trends

**MANUFACTURING** Manufacturers can see a 'glimmer of hope' of recovery, with order books at the best level for nine months, according to the CBI's most recent industrial trends survey.

A total of 36% of manufacturers said order books were below normal, 12% said they were above. The balance of minus 24% is the least negative since November 2002, and compares with minus 37% in July and minus 27% in June.

Manufacturing output is set to fall marginally this year, but increase in 2004 for the first time in four years. A prediction of minus 0.1% this year compares with 1.9% expected next year, a rise triggered by a more competitive exchange rate and stronger external demand.

**RETAILING** Retail sales have been volatile in recent months, but underlying consumer spending growth is likely to moderate after having grown at around 4.5% per year over the past six years. This moderation is due to income growth weakening, household wealth falling back as a result of declines of global equity markets and debt reaching a level which is likely to limit room for future borrowing.

**SERVICES** Weaker service sector activity has undermined the incipient recovery in the economy which started last year. However, service sector output in Q2 was up 0.3% on the previous quarter.

## Outlook

► After picking up in the second and third quarters of last year, the UK economy has slowed sharply in the past six months, according to analysis by Experian Business Strategies.

► However, despite the recent slowdown in GDP growth, and a forecast marked deceleration in consumer spending over the next 12-18 months, overall activity is expected to expand at a steady pace over the coming quarters, supported by strong contributions from government consumption and fixed investment.

► UK exports grew by 3.8% for the first quarter of this year, having declined by 3.0% and 5.6% in Q3 and Q4 of 2002 respectively, as world trade growth stalled. Exports are expected to pick up in the rest of the year as the global recovery gathers pace.

## ► Call for more flexible working

New research shows that six in ten bosses feel their company could do more to improve work patterns.

The survey by HR website [yourpeoplemanager.com](http://yourpeoplemanager.com) found that perks like being allowed to work from home or choosing working hours are closing in on salary as the top reason why people take on a new job.

Nearly a fifth of bosses thought flexible working made workers more productive.

Ruth Spellman, Chief Executive, Investors in People UK, said: 'It's encouraging that so many organisations recognise the benefits of flexible working. However, it's worrying that nearly two thirds still haven't done anything to address the issue.'

'Having a work-life balance ethos helps organisations to attract and retain good people, increase motivation, satisfaction and productivity, and, as a result, become more competitive.'

'It's something all organisations, especially smaller businesses, can't afford to ignore.'

## ► Recruitment blow

Managers' pay rose by 5.2% in the year to January 2003, while the earnings of UK directors went up 9.8%.

But despite the attraction of higher pay, there has been a steep rise in the number of organisations experiencing problems recruiting and retaining managers.

These are two of the key findings of a survey by the Chartered Management Institute.

The number of companies experiencing staff recruitment problems has almost doubled from 22.4% in 2002 to 42.6% in this year's survey, and 28% had difficulties with employee retention, up from 8.5% in 2002.

# Flying high: the UK firm that tackled long-haul DVT

Frequent business travellers are in a high-risk category for DVT. Now a British firm is marketing compression socks that will make flying safer.

Thousands of businessmen and women regularly use international airlines to transport them around the world in the course of a working year.

This puts them at high risk of experiencing the much publicised long-haul DVT.

Now British company European Wellness is selling a market-leading sock which could substantially reduce the risk of getting DVT.

Deep Vein Thrombosis (DVT) is a blood clot found in the veins that return the blood to the heart and usually involves those of the calf, especially after a few hours of sitting still.

Many of these cause no trouble at all, but in some cases the clot can dislodge from its original site and ends up in the lungs where it can block the blood flow with fatal results.

### 2,000 deaths

Cardio-vascular specialists estimate that each year in the United Kingdom alone somewhere between 300 and 2,000 people die directly as a result of a DVT, and that a large percentage of these cases could be prevented.

Professor Gianni Belcaro of D'Annunzio University in Italy, a world expert in DVT who has conducted 15 studies on the subject, concludes that lack of legroom is the major factor.

The problem is often referred to as Economy Class Syndrome, but in 2003 a study by Professor Belcaro revealed that one in 20 frequent business class travellers also develop one or more clots per year.

## case study



Pulling up the socks of UK business travellers

### Prevention

Professor Belcaro suggests that the most effective way of preventing DVT is to wear compression socks.

In a study published this year of 'High Risk' passengers on long-haul flights it was found that those not wearing compression socks were six times more likely to develop a DVT than those who did.

In another experiment, a similar study of medium to low risk passengers revealed a total absence of clots in those wearing the socks compared to their presence in 3.5% of their fellow travellers who did not.

The clots tend to occur in areas of sluggish circulation. In long-haul flights in particular the lack of leg movement leads to a collecting of fluid in the lower limbs and a thickening of the blood.

The movement of blood through the veins back to the heart depends on the 'pumping' action of the

muscles, which if absent will lead to a gathering of blood in the veins and greatly increases the chance of clot formation.

### Compression socks

Compression socks apply a strong pressure (14-17mm Hg) at the ankle, which gradually decreases towards the knee.

Their action is to decrease the venous volume in the leg and thus to speed up the blood flow through the deep veins of the leg where the clots tend to occur.

European Wellness is the UK supplier of the X-Static Flight Sock. The X-Static sock is manufactured using a pure silver thread which acts to kill bacteria, extinguish odour, regulate temperature and reduce static, thus improving comfort and performance.

For more information on the X-Static Flight Sock, contact John Hopkin on 01997 420131.

For more on how to prevent DVT, visit [www.golfhealth.info](http://www.golfhealth.info).

## HSBC business survey

### ► 79% satisfied with their bank

An incredible 79% of respondents to HSBC's 2003 Business Sales Drive Survey are either 'satisfied' or 'very satisfied' with their banking arrangements – an increase of 5% over last year.

But this doesn't mean banks can rest on their laurels – while services have improved, particularly for small businesses whose satisfaction levels have risen from 73% to 80%, there's still a long way to go.

This is shown by the fact that Fast Lane businesses have seen no increase in satisfaction levels since last year, showing that banks have been slow to adapt to the needs of rapidly growing businesses



#### 2003 Business Sales Drive Survey

While just over half the respondents to the survey currently bank with HSBC, most of the key business banks were well represented.

- ➔ HSBC customers are most likely to be satisfied with their bank, with 87% either 'satisfied' or 'very satisfied'.
- ➔ Lloyds TSB fared the worst, with 64% of customers either satisfied or very satisfied.

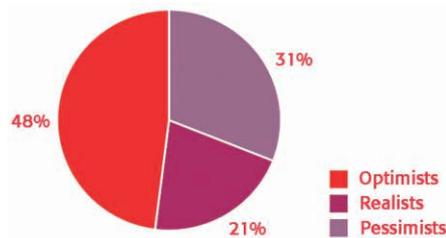
### ► 58% of firms experiencing growth

More than half of the businesses responding to the survey have experienced growth over the last 12 months.

- ➔ 20% reached the Fast Lane, growing by 20% or more.
- ➔ A further 38% are found in the Middle Lane, with growth of up to 20%.

Small and medium-sized businesses are more likely than large companies to have reached the Fast Lane, perhaps reflecting their ability to flexibly meet customer needs, as well as their hunger for acquiring and retaining new business.

The most prosperous sectors are IT & electronics, professional, and construction, while struggling sectors include agriculture and manufacturing – but the effects of recent economic measures have begun to show a turnaround in both of these sectors, suggesting a more promising outlook.



The glass is half full for UK businesses. Almost half of those responding to the survey were optimistic about the future of market conditions:

- ➔ 13% think conditions will be much better than last year.
- ➔ 34% believe that conditions will be slightly better.

And there are no prizes for guessing that the businesses that experienced the strongest growth last year are the ones who feel most positive about the coming year.

### ► Keep the customers satisfied

You can have the best product in the world, but without a steady stream of customers you'll soon come a cropper.

No surprise then, that keeping customers happy is a key objective for most businesses – over 50% of respondents agreed that one of their top six priorities for the next 12 months was to have the most satisfied customers in the market.

And a happy customer can be more effective than an expensive advertising campaign when it comes to drumming up trade.

Over 30% of businesses claim that customer recommendation is their most

effective source of sales, a trend particularly prevalent amongst small businesses.

But actively finding new customers can be a tricky business.

Keeping the customers happy may be a key consideration for our respondents, but it's not as important as acquiring new ones.

Most of the businesses in our survey, especially the smaller ones, consider customer acquisition a high priority.

Despite this commitment, over a third of businesses are finding it difficult to attract new customers, with larger businesses finding it particularly tricky.

## Business advice

### Ten tips from top firms in survey

Based on the findings of this year's survey, these are the factors linking the fastest-growing firms. Concentrate on these, and you will be well on the way to success.

- ➔ **Be optimistic and think big.** The fastest growing companies are positive about the future and aiming high, looking for substantial growth in both the long and short term.
- ➔ **Stay flexible.** Strongest growth has come from smaller companies, who can focus more tightly, respond more quickly and react more flexibly to customer needs.
- ➔ **Stay hungry for business.** Firms continually looking to win new customers gain the best returns.
- ➔ **Focus on core business and the home trade.** As economic conditions improve, the opportunities for international trade will develop – however, in the short term, those who have focused at home have been the most successful.
- ➔ **Identify the USP of your business.** Innovation and differentiation will carve out your business's unique niche.
- ➔ **A happy workforce is the backbone of the business.** The most successful businesses are focusing on employee-friendly benefits packages, training and employee satisfaction. Investment now will pay dividends in the future.
- ➔ **Focus on customer satisfaction.**
- ➔ **Know your customers like your best friends.** Develop an understanding that will help you segment them based on their needs, not just demographics, and keep an up-to-date database to help you meet their requirements.
- ➔ **Look to the future.** Plan further ahead than next year, both in your ambitions and in the help you need from your bank.
- ➔ **Take advantage of a wide range of financial services, and encourage your bank to be proactive.** Support from your bank when you need it can reduce the stress on your business dramatically.

## business information

## ▶ Apprenticeships win IoD backing

The government's flagship Modern Apprenticeship training programme has received support from the Institute of Directors (IoD).

The endorsement followed a survey of IoD members' views on the Modern Apprenticeships training programme that showed that although only 13% of respondents used the scheme, they regarded the programme favourably.

The vast majority of IoD members using the scheme were well disposed towards it, feeling that it equipped employees with the skills needed to do their jobs and that its use had been beneficial to the business.

However, the IoD believes:

- ▶ There is a need to improve the quality of training under the scheme;
- ▶ Completion rates needed to be raised (currently running at only 24%);
- ▶ The programme needs to be supply, rather than demand, driven;
- ▶ The image and status of the scheme need to be raised.

## ▶ Student debt repayment lure

Companies who offer to pay off graduate debts are becoming increasingly sought after by today's new entrants to the job market.

According to a survey by employee benefits specialist youatwork, over a quarter (27%) of employees in their twenties rate the provision of student debt assistance as an important factor when deciding whether to apply for a new job.

The figure supports research carried out by the Association of Graduate Recruiters, showing that a third of employers are paying joining bonuses to this year's graduate recruits.



Buying new equipment can be expensive – with HSBC asset finance you can spread the cost

# How to spread the cost: ways to finance equipment

Why tie up your cash in equipment, when you can spread the cost? HSBC has an easy solution.

There is a variety of ways to finance your business equipment depending upon whether you want to own the asset or not.

Repayments or rentals can be tailored to suit your trading cycle.

If your business has seasonal peaks and troughs, we can adjust your payments accordingly or fix the amount you pay each month for ease of budgeting – the choice is yours. We also offer a range of fixed and variable interest rate options.

Business Asset Finance is a flexible alternative to funding purchases by loan or overdraft available to HSBC business customers.

It can allow you, say, to fund a wide range of agricultural and horticultural machinery and equipment, from tractors to transplanters, bulk milk tanks to parlours and foragers to fork-lift trucks, without using precious working capital resources.

For new customers or for assets costing more than £60,000, hire purchase is suitable for financing a wide range of plant, machinery or business equipment.

An Asset Loan is a form of medium-term finance, also ideally suited to the acquisition

of business assets.

An alternative to hire purchase, an Asset Loan is used to raise finance against equipment that has already been paid for in full by your business.

Our Finance Lease is suitable for most types of plant and equipment. It allows your business to have use of the equipment for a small initial outlay. We pay for the asset and lease it to you in return for rentals that can be arranged to suit your cash-flow.

If you would like to buy your equipment privately, you may wish to take advantage of a Small Business Loan for amounts up to £15,000, to support the purchase.

For larger amounts, a straightforward Term Loan may be the answer, or for amounts over £10,000, our Flexible Business Loan can be tailored to match your individual repayment requirements.

HSBC Equipment Finance can offer you unrivalled expertise in asset funding together with specialised knowledge to underpin your investment decisions.

For more information, call HSBC Equipment Finance direct on 0845 9000 888.

## 10 reasons to choose asset finance

- ▶ Cost-effective flexible finance. You get to pay for the asset while it's helping your business to generate cash.
- ▶ Repayment profile to suit seasonality of cashflow.
- ▶ Freedom to source your own suppliers.
- ▶ Low initial deposit – an amount equal to the full VAT plus 10% of the purchase price.
- ▶ The asset will appear on your balance sheet as a fixed asset.
- ▶ You can negotiate with suppliers as a cash purchaser.
- ▶ Interest element of each instalment is deductible from taxable profits.
- ▶ On payment of all sums due, you can own the asset outright.
- ▶ Receive a speedy decision from your manager in most cases – no wasted time.
- ▶ Fixed monthly repayments between 1 and 5 years ensure easy budgeting.

## ▶ Exports critical for high-tech firms

The government has stressed the importance of exports for the long-term health of technology-based firms.

Baroness Symons, Minister for International Trade and Investment, underlined the government's support during a visit to London firm Tribune Business Systems, which successfully won overseas contracts as a result of working with Trade Partners UK. Trade Partners is the government body dedicated to providing advice on international trade and investment.

Tribune used Trade Partners UK's 'Your passport to export success' programme to receive general advice and mentoring on their business plans for the USA.

Baroness Symons said: 'UK companies and universities are at the forefront of technological advances in their field. The government is committed to increasing competitiveness and helping to promote this expertise both at home and abroad.'

## ▶ Factoring more popular than ever

The popularity of factoring and invoice discounting as a financing option has continued to grow as UK business turnover hit record levels.

The latest figures released by the Factors and Discounters Association (FDA) show client turnover rose to a staggering £28.3 billion in Q2, up from £26.5 billion in Q1 – an increase of 6.8%. This is an increase of 11% over the same period in 2003.

Alongside domestic growth in invoice finance, the industry has seen an increase of 14% for exporting.

Export has become a more attractive option for UK businesses, as the current weakness of sterling against the Euro allows UK products and services to become more competitive in European markets.

This figure significantly reverses the 2002 trend that saw funding to exporters reduce after five years of growth.

## ▶ UK staff get less homework

Britain has one of the lowest proportion of home-based workers in Europe, according to a new survey.

Independent research commissioned by Epson across the UK, France, Germany, Italy and Spain, backs up predictions that as staff look for more flexibility, they are increasingly seeking to work from home.

Across Europe as a whole, 52% said they worked from home, with a third of these either doing it every day or several times a week.

The lowest homeworking representation was in France at 43% and the UK at 48%, and the highest in Germany at 60%.

Britain had the highest percentage of respondents most likely to take a future job that offered the option to work from home, with 56% saying this would be an important consideration.

Less stress is the biggest appeal for 73% of homeworkers, characterised by more flexible working hours.

## business advice

# Why it's important to think before you sell

Before you make that sales call, try looking at things from your customer's point of view. As Art Sobczak explains, it will make a big difference to your success.

When you're making sales calls, it's critical to think through what you are planning to say *before* you pick up the phone.

And instead of launching into a sales pitch, you will get a much better response if you start by asking some questions.

Here are some simple steps to follow:

- ▶ Have a primary objective for every call, defined as: 'What do I want them to do as a result of this call, and what do I want to do?'
- ▶ Prepare questions for your call using your call objective. Ask yourself: 'How can I persuade them to take this action as a result of asking questions, as opposed to talking?' Remember, people believe more of their own ideas than yours.

### Before making the call

- ▶ Treat the person who takes the call – the 'screener' – as if they were the customer. This person determines whether or not you'll even have a chance to speak with the buyer.
- ▶ Gather as much information as you can prior to speaking with your prospect; busy decision-makers get bored when they answer basic questions. Say to screeners: 'Perhaps you can help me so I'm better prepared when I speak with Ms Big. There's probably some information you could provide me with...'
- ▶ Have a reason for needing to speak with the decision-maker, and sell this to the screener. Remember, they're thinking: 'Does this person have anything of interest for the boss?'
- ▶ If leaving a message on voicemail, or with a screener, be certain it offers a hint of a benefit that sparks curiosity,

but doesn't talk about products or services.

### Opening statements

- ▶ The objective of your opening is to pique curiosity and interest so that they will willingly and enthusiastically move to the questioning. You must answer 'What's in it for me?' for the listener, or they will immediately begin the getting-rid-of-you process.
- ▶ When prospecting, don't start the call with: 'I was just calling people in your area...' People want to feel like they're the only person you're calling, not just one of the masses from a list of compiled names.

### Questioning

- ▶ Get information before you give it. How could you make an effective presentation otherwise?
- ▶ Don't use a 'benefit list' to present from. Instead, use it to create questions to determine whether those 'benefits' truly are of value to your prospects and customers. Some 'benefits' could be liabilities.
- ▶ Ask one question at a time. That's how many they will answer at a time.
- ▶ After asking, be quiet. Resist the urge to jump in if they don't answer immediately.
- ▶ Be confident in your questioning. One reason people ramble with questions is that they are not prepared or confident. Prepare your questions. Role-play them with yourself if necessary.
- ▶ Always know where you'll go with answers. Regardless of the answer.

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## ▶ Britain 'in danger of falling behind'

The CBI claims that competitor countries are threatening to steal 'a jewel in the crown of the UK economy'.

The comments come in the first of a series of reports on Britain as a place to do business.

The first report in the series compares Britain's labour market flexibility with the US, Germany, France, Spain and Holland.

It says competitor countries are closing the gap with the UK, which has the most flexible labour market in the EU and the lowest unemployment.

It says a 'relentless' build-up of employment regulation is eroding strengths such as freedoms to change work patterns and workforce numbers.

Weaknesses – such as 'appallingly low' levels of basic skills – are improving too slowly and may take decades to resolve.

Competitors such as France and Germany are removing layers of labour regulation while the UK has moved in the opposite direction.

## ▶ Schools 'failing'

The CBI has criticised the government for failing to equip school leavers with the basic skills for employment.

Digby Jones, CBI Director-General, warmly welcomed the GCSE successes of many young people, but expressed concern about numbers failing to do well in English and Maths.

He revealed that a new CBI employment trends survey shows that 34% of firms are dissatisfied with the literacy and numeracy of young people.

It will also show dissatisfaction with school leavers' business awareness (70%), foreign language skills (58%), self management (56%), career knowledge (44%), and work attitude (37%).



The new law will be an added burden for firms already suffering from red tape

# New laundering rules: extra stress for business

**A new administrative burden is about to hit firms already suffering from a mountain of bureaucracy**

Small business leaders have condemned new money-laundering laws for increasing the burden of administration.

The impending introduction of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act 2003 will place an onerous burden on a whole raft of businesses, including accountants, lawyers and even estate agents.

Although the moves to stifle the money supply to terrorists and drug dealers are laudable in theory, the 'real world' implementation of the act will prove to be problematic for those charged with reporting 'suspicious transaction reports', claims the Forum of Private Business (FPB).

Penalties for failing to report suspicious transactions are punitive, the maximum jail term being five years for those found guilty, and as a result businesses are likely to refer any transactions that they are wary of to avoid prosecution.

This has already led to a four-fold increase in reports arriving at the National Criminal Intelligence Service (NCIS), and it could be argued that the resulting backlog is in itself

giving an opportunity for criminals to escape detection.

The wording of the legislation fails to make it clear to businesses that a suspicious transaction report is necessary only when there is clear evidence of intentional money-laundering activity.

Now the Forum of Private Business (FPB) is calling on the government to address the issue before the act comes fully into force, expected in January 2005.

'The government should endeavour to clear up the rules surrounding the reporting of suspicious transactions,' said Nick Goulding, FPB chief executive.

'The very real concern of businesses that they will possibly face criminal charges for an administrative oversight is undoubtedly fuelling the increases in inappropriate reporting.

'The government is asking businesses to become investigators for the NCIS, yet expecting them to do so not only for no reward but also under pain of prosecution should they fail to identify transactions that subsequently turn out to be the proceeds of crime.'

### SMALL IS BEAUTIFUL

Small firms are far better placed than their larger counterparts to ride out the storm, and even expand.

That's the view of Colin Barrow, Director of the Business Growth and Development programme at Cranfield School of Management.

'Big firms need big markets – they tend not to be interested in the niches occupied by smaller firms,' he said.

'Growth does not depend on having more customers, or even on having more orders.

'Nearly a third of the most profitable small firms in our latest study of business performance achieved their success whilst selling less rather than more, by raising their margins and adding value.'

### BUSINESS BOOST

New proposals to raise company taxation thresholds to the EU maximum have been announced by DTI Minister Jacqui Smith.

The higher thresholds will cut red tape for businesses and allow more businesses to take advantage of tax incentives.

Small companies will also be able to take advantage of less onerous accounting requirements.

### ADVICE SERVICE

Part of the challenge of running a business is that you're always facing new problems.

Where can you find the answers when you need them?

SkillsBuilder is a new service that addresses a wide range of issues you are likely to face and offers practical, down-to-earth advice.

A whole library of over 150 action guides is now available on the SkillsBuilder website.

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