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Business News England

Welcome to our round up of the latest business news for our clients. Please contact us if you want to talk about how these updates affect your business. We are here to support you!

Why business owners should start using KPIs to drive success

As a small business owner, it's easy to get caught up in the day-to-day operations and miss the bigger picture. You might rely on gut feelings or a quick glance at your bank account to determine how well your business is doing. However, without specific measures of success, it can be difficult to truly understand your business's performance or identify areas for improvement. This is where Key Performance Indicators (KPIs) come into play.

KPIs are measurable values that show how effectively a business is achieving its objectives. Using KPIs can be a game-changer, offering insights and clarity that help you make better decisions, drive growth, and stay competitive. Here's why you should consider implementing KPIs in your business.

Track your progress more effectively

Running a business can often feel like you're spinning plates - juggling multiple tasks, dealing with customers, managing finances, and more. KPIs help bring clarity to the chaos by giving you a simple, straightforward way to measure how well you're doing over time.

For example, if one of your goals is to increase sales, tracking a KPI like 'monthly revenue growth' allows you to see whether your efforts are paying off. Or if customer retention is a priority, measuring 'repeat customer rate' gives you a clear picture of whether people are coming back or not.

By tracking the right KPIs, you gain insight into how close (or far) you are from your goals and can course-correct if necessary.

Make more informed, data-driven decisions

Many small business owners rely on intuition to make decisions, but KPIs offer a more reliable approach: data. By tracking KPIs, you'll have access to hard facts and figures that give you a more accurate understanding of your business's performance.

For instance, if your 'website traffic' KPI is increasing but your 'conversion rate' is dropping, this would flag up an issue in your sales funnel that needs attention.

Instead of guessing or waiting for problems to surface, KPIs can give you the information you need to make smart, informed decisions and take action quickly.

Increase accountability and focus

It can be difficult to ensure that everyone in your business is working toward the same goals, especially if you have a growing team. KPIs can help keep everyone on track.

When you establish KPIs for different departments or team members, you're setting an expectation for what they prioritise in their work and this allows you to shape what they focus on.

For example, if your sales team knows they're being measured on 'weekly sales calls made' or 'lead conversion rates', they'll focus on the activities that move the needle.

KPIs not only motivate employees by giving them clear targets to aim for, but they also provide accountability, making sure that their efforts will contribute towards your business goals.

Drive continuous improvement

KPIs are not just about measuring current success—they can also help you to identify opportunities where improvements could be made.

For example, if your 'stock turnover' KPI shows that stock is sitting on the shelves for too long, it might be time to review your purchasing or marketing strategies. Similarly, a low 'customer satisfaction' score could signal a need to improve your product or service offering.

The process of tracking KPIs, and reviewing them regularly, helps you spot inefficiencies and encourages continuous improvement, so your business can become more efficient and effective over time.

Align your business with long-term goals

It's important that every part of your business is pulling in the same direction. KPIs can help make sure that your daily operations are contributing to your long-term goals.

For example, if your long-term goal is to increase profitability, you might track KPIs like 'gross profit margin' or 'operating expenses as a percentage of revenue' to ensure you're making financial decisions that support that aim.

How to get started with KPIs

Starting with KPIs doesn't have to be complicated. Here's a simple guide to help you get going:

1. Define your business goals: Start by identifying your key objectives. What are the most important things you want your business to achieve? This could be anything from increasing sales, improving customer satisfaction, or reducing costs.

2. Choose the right KPIs: Pick a few KPIs that directly align with your goals. For example, if growth is your aim, KPIs like 'monthly sales', 'new customer acquisition', or 'website conversion rates' may be relevant.

3. Make KPIs measurable and realistic: KPIs should be clear, measurable, and achievable. Set targets that challenge your business but are still realistic. For example, 'increase sales by 10% over the next quarter' is better than simply 'grow sales.'

4. Review regularly: KPIs are only valuable if you monitor them. Set up regular check-ins (monthly or quarterly) to review your performance against each KPI. This ensures you stay on top of your progress and can make adjustments as needed.

Conclusion

KPIs might seem like tools for big businesses, but they're valuable for businesses of any size. By implementing KPIs, you can gain better insight into your performance and make sure your business is moving in the right direction.

Whether you're looking to grow, improve efficiency, or keep your team focused, KPIs can be a real help in running a successful business. Start small, track what matters most, and watch your business thrive.

If you're not sure where to start, please reach out to us. We have tools and experience on setting KPIs and would be happy to help you.

Employment Rights Bill 2024

The government has published the Employment Rights Bill, which is intended help deliver economic security and growth to businesses, workers and communities across the UK.

The bill will bring forward 28 individual employment reforms, from ending exploitative zero hours contracts and fire and rehire practices to establishing day one rights for paternity, parental and bereavement leave for millions of workers. Statutory sick pay will also be strengthened, removing the lower earnings limit for all workers and cutting out the waiting period before sick pay kicks in.

The existing two-year qualifying period for protections from unfair dismissal will be removed, ensuring that all workers have a right to these protections from day one on the job.

The government will also consult on a new statutory probation period for companies' new hires. This will allow for a proper assessment of an employee's suitability to a role as well as reassuring employees that they have rights from day one.

The bill will end exploitative zero hours contracts, following research that shows 84% of zero hours workers would rather have guaranteed hours. They, along with those on low hours contracts, will now have the right to a guaranteed hours contract if they work regular hours over a defined period, giving them security of earnings whilst allowing people to remain on zero hours contracts where they prefer to.

The bill will also:

- Change the law to make flexible working the default for all, unless the employer can prove it's unreasonable;
- Set a clear standard for employers by establishing a new right to bereavement leave;
- Deliver stronger protections for pregnant women and new mothers returning to work including protection from dismissal whilst pregnant, on maternity leave and within six months of returning to work;
- Tackle low pay by accounting for cost of living when setting the Minimum Wage and remove discriminatory age bands; and
- Establish a new Fair Work Agency that will bring together different government enforcement bodies, enforce holiday pay for the first time and strengthen statutory sick pay.

See: https://www.gov.uk/government/news/government-unveils-most-significant-reforms-to-employment-rights

Solar power in the spotlight

Energy Secretary Ed Miliband, along with a newly reactivated Solar Taskforce, is spearheading a major push to get more solar panels on homes and businesses by 2030. This is all part of a wider strategy to build the UK's energy independence, reduce reliance on fossil fuels, and protect consumer bills from volatile energy markets.

So, what does this all mean for your business?

Solar power: a growing opportunity

Solar is one of the cheaper and more accessible forms of renewable energy. If there is an increase in focus on solar panels, then it could be worth considering whether solar energy could benefit your business.

Beyond the environmental impact (cutting carbon emissions is always a plus), businesses that invest in solar could see long-term financial benefits. With energy costs still a major concern, generating your own electricity could offer significant savings and protect you from future price hikes.

The Solar Taskforce: What's the plan?

The government's reactivated Solar Taskforce, which met for the first time on 2 October, is looking to tackle the key challenges they feel are holding the sector back.

The first meeting focused on how to develop ethical, resilient and innovative supply chains and ensuring that a skilled and properly resourced workforce is in place to scale up solar installations.

What can businesses do now?

Whether you own your premises or rent, there may be ways to benefit from this renewable energy push. For instance, solar panel installations on warehouses and office buildings or even smaller rooftop setups could help reduce your energy costs and carbon footprint.

For these kind of investment decisions, a cost benefit analysis can be a simple way to weigh the advantages or benefits of the decision against the costs involved to see whether it's financially worthwhile.

Here's how it works in a nutshell:

1. List the costs: These could include upfront expenses, ongoing maintenance, time, or any other resources you'll need to commit. For example, if you're considering installing solar panels, the costs would include the price of the panels, installation, and any maintenance fees.

2. List the benefits: Benefits can be financial (such as savings on energy bills or government incentives) and non-financial (like reducing your carbon footprint or boosting your business's green credentials).

3. Quantify the costs and benefits: Where possible, you assign a monetary value to both the costs and benefits. If the total benefits outweigh the costs, it suggests it could be a good decision. If the costs are higher, you might reconsider or perhaps look for ways to reduce them.

A cost-benefit analysis might help you decide whether the upfront costs will be outweighed by the long-term savings on your energy bills, any tax incentives, and the potential for increasing the value of your property.

If you need any help putting together a cost benefit analysis, please feel free to contact us at any time and we would be pleased to help you.

See: https://www.gov.uk/government/news/solar-taskforce-meets-in-drive-for-clean-power

Are you complying with competition law? Reviewing the CMA's latest warning

The Competition and Markets Authority (CMA) has just published a new set of heat maps showing where businesses across the UK have received warning or advisory letters for potentially breaking competition law. It's the first time the CMA has published this kind of information, and it's a reminder for all businesses to ensure they're on the right side of the law.

If you run a retail business, manufacture goods, or operate in any competitive market, the CMA's report could be of interest to you.

<u>What Is the CMA Doing?</u>

From 2018 to 2023, the CMA sent 557 letters to businesses in various sectors, including household goods, technology products, heating equipment, and clothing. These letters are meant to warn businesses about practices that could be harming consumers and breaking competition law.

The most common issue? Resale Price Maintenance (RPM). This happens when suppliers or manufacturers restrict retailers from offering discounts, keeping prices higher for consumers. If your business is involved in setting prices for products sold by resellers or distributors, it's worth reviewing those agreements carefully.

<u>What could happen if you ignore a warning?</u>

If you receive a letter from the CMA, take it seriously. Businesses that ignore these warnings could face significant penalties.

For example, GAK, a business that resells digital keyboards and guitars, were fined £278,945 for having an agreement with Yamaha not to discount online prices for certain products. This was increased by 15% because GAK had already been sent an advisory letter from the CMA expressing their concerns it was potentially engaging in RPM.

The penalties don't stop at fines. In some cases, the CMA can disqualify company directors, which could be disastrous for a business.

<u>Why this matters for your business</u>

Even if you haven't received a letter, this is a good reminder to review your practices. Staying on the right side of competition law can help to protect your business and reputation.

It may be good to review your supplier and reseller agreements. If you're involved in setting prices or giving instructions on how your products are sold, make sure you're not limiting competition. Restricting discounts could land you in trouble.

The CMA's heat maps show that warning letters have been sent to businesses all over the UK, with higher concentrations in regions like the South East and London. If you operate in these areas, it's worth being extra vigilant.

At the end of the day, keeping your business compliant with competition law isn't just about avoiding fines - it's about protecting your customers, your reputation, and your future growth.

If you've received a warning or advisory letter, or if you just want to ensure your business is operating within the law, get in touch with us today. We're here to support you and help safeguard your business.

See: https://www.gov.uk/government/news/cma-reveals-geographic-spread-of-warnings-issued-to-businesses

Is your website compliant with cookie laws?

If you run a business with a website, you've likely seen those cookie consent banners asking visitors whether they'd like to accept or reject cookies. But what if your website is not giving visitors a fair and informed choice when it comes to how their personal data is used?

A recent case involving Sky Betting and Gaming shows just how serious the consequences can be when businesses fall short of these legal requirements.

What happened?

Between January and March 2023, Sky Betting and Gaming was found to be processing personal information from visitors to their website and sharing it with advertising companies without obtaining their prior consent.

Visitors to the SkyBet website had their personal data used for targeted ads *before* they had the opportunity to accept or reject cookies.

While there was no evidence that Sky Betting and Gaming was deliberately targeting vulnerable users, the investigation concluded that the company's use of cookies was neither lawful, transparent, nor fair.

As a result, Sky Betting and Gaming made necessary changes to ensure that people could reject advertising cookies before their personal information was processed. But the case serves as a clear warning to businesses about the importance of complying with cookie and data protection regulations.

Why businesses should take note

The SkyBet case is part of a wider crackdown by the regulator on websites that misuse advertising cookies. Last year, the regulator reviewed the UK's top 100 websites and found that more than half of them had issues with how they were using cookies.

Many of these sites have since made changes, but any business that fails to comply could face enforcement action.

The key takeaway? Businesses need to ensure their websites give visitors a clear choice when it comes to cookies, particularly when it comes to how personal data is used for targeted advertising.

There continues to be increasing scrutiny on how businesses handle personal data online. As a business owner, it's essential to make sure your website complies with data protection regulations—especially when it comes to cookies and targeted advertising.

Compliance isn't just about avoiding fines; it's about building trust with your customers and ensuring that your business operates fairly and transparently in today's digital world.

See: https://ico.org.uk/about-the-ico/media-centre/news-and-blogs/2024/09/action-taken-against-sky-betting-and-gaming-for-using-cookies-without-consent/

Primary steelmaking at Britain's biggest steelworks comes to an end

Tata Steel closed its last blast furnace at Port Talbot in Wales at the end of September after more than 100 years of steelmaking. It's estimated that 2,800 jobs will be lost as a result.

The blast furnace is used to make what is called primary or virgin steelmaking because the molten iron is produced from its original source by splitting rocks containing iron ore. It requires intense heat and emits high levels of carbon into the atmosphere.

Port Talbot originally had two blast furnaces, but the first was taken out of service in July. Now that this second one has been closed, primary steelmaking in Wales has drawn to a close.

Tata Steel has said that it was losing £1m a day from its blast furnace operations, and it will instead invest £1.25bn in an electric arc furnace that will make steel from scrap but also reduce carbon emissions. The project also fits with government net zero objectives and will receive £500m of government support.

Construction on the new furnace is expected to start in August 2025 and in the meantime, steel slab will be imported for milling in Port Talbot.

Another company, British Steel, is still currently making virgin steel at two blast furnaces it runs in Scunthorpe. However, it is also in talks with the government about shifting to cleaner manufacturing.

By switching to electric steelmaking, the government expects to reduce Britain's carbon emissions by 1.5%.

Naturally the closure has caused concern to many, both employees and the small businesses who rely on trade coming from the plant itself or the workers who work there.

See: https://www.reuters.com/world/uk/britains-biggest-steel-works-end-production-after-100-years-2024-09-30/

Significant moment as coal power ends in the UK

In another significant industrial move, the UK's last coal power station at Ratcliffe-on-Soar in the Midlands finished its operations at the end of September.

This is the first time in 142 years that coal-fired power hasn't contributed to the national grid.

The very first coal-fired power station was built in 1882 by Thomas Edison at Holburn Viaduct. From that point, and for many decades, coal-fired power became the main way of providing electricity to UK homes.

In 2015, when the government announced its plans to close coal plants as part of its plan to reach climate targets, coal was producing almost 30% of the UK's electricity needs. This had fallen to 1% by last year and now has been completely phased out.

While clearly good news in the move to greener forms of energy that are more environmentally friendly, redundancies and the end of an industry that many may have been relying on for an income will cause concern for many.

This perhaps highlights the importance for all businesses to not be focused solely on the way they have always done things, but to be ready to adapt as new technologies and more environmentally friendly processes become available.

See: https://www.bbc.co.uk/news/articles/c5y35qz73n8o