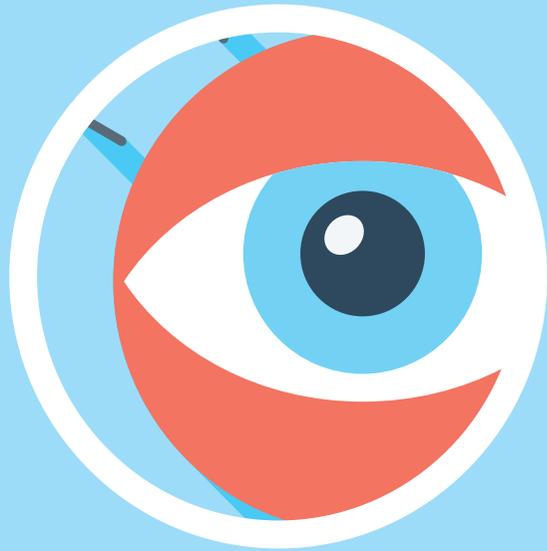




MAGNIFEYE
PART OF THE AGENCY WORKS TEAM



BUSINESS VISION BAROMETER

ISSUE #2

WELCOME TO THE BUSINESS VISION BAROMETER

This, the second Business Vision Barometer report from a survey conducted in quarter one of this year continues to place a spotlight on the UK's consultancy sector.

We're looking at the current state of play for businesses in this area, the challenges they face and how they feel about their business. We hope that this insight will help you as peers when looking at challenges you face in your own business, spark debate about how others are feeling compared to you and also to provide benchmarking information for you and your senior team.

This on-the-ground insight is invaluable and we thank those who took part in this survey for providing the content for the report. To be involved in the next Barometer, please drop us an email.

Working closely with consultancies for over 10 years, Magnifeye appreciate the challenges that you face; we work in partnership to help understand and solve those issues.

We would welcome the opportunity to discuss how we could help you achieve your business objectives.

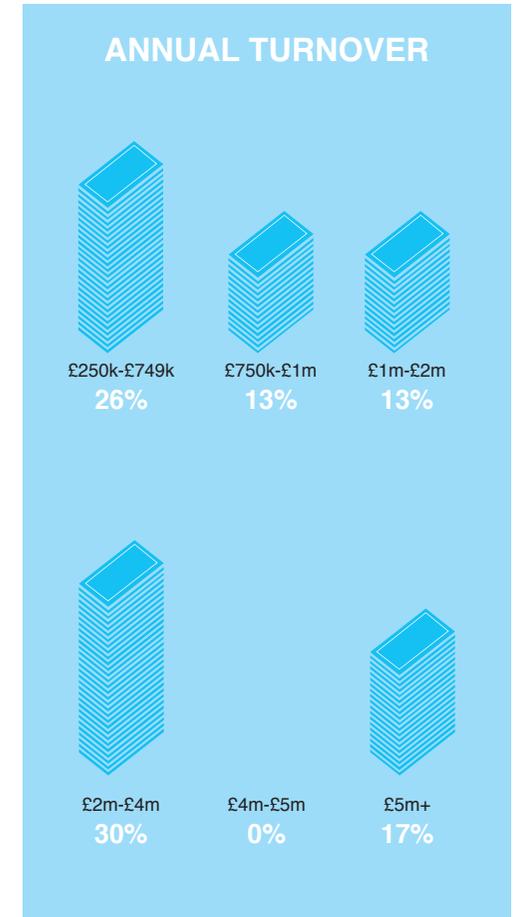
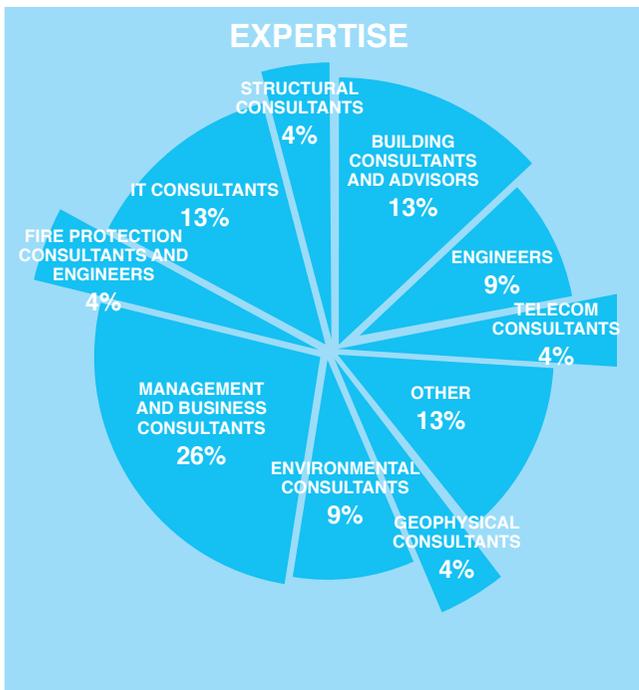
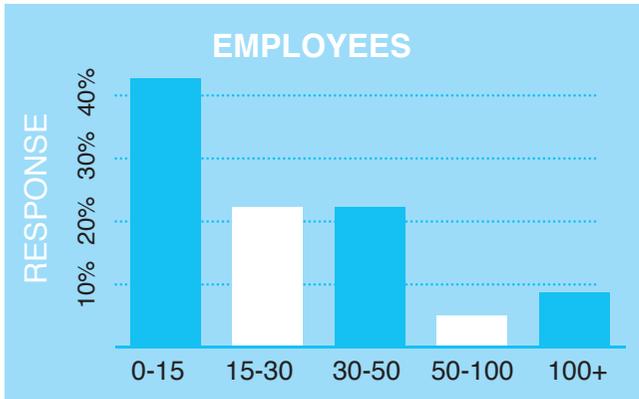
The full set of questions from the survey can be found at the back of this document.

Thank you for reading.

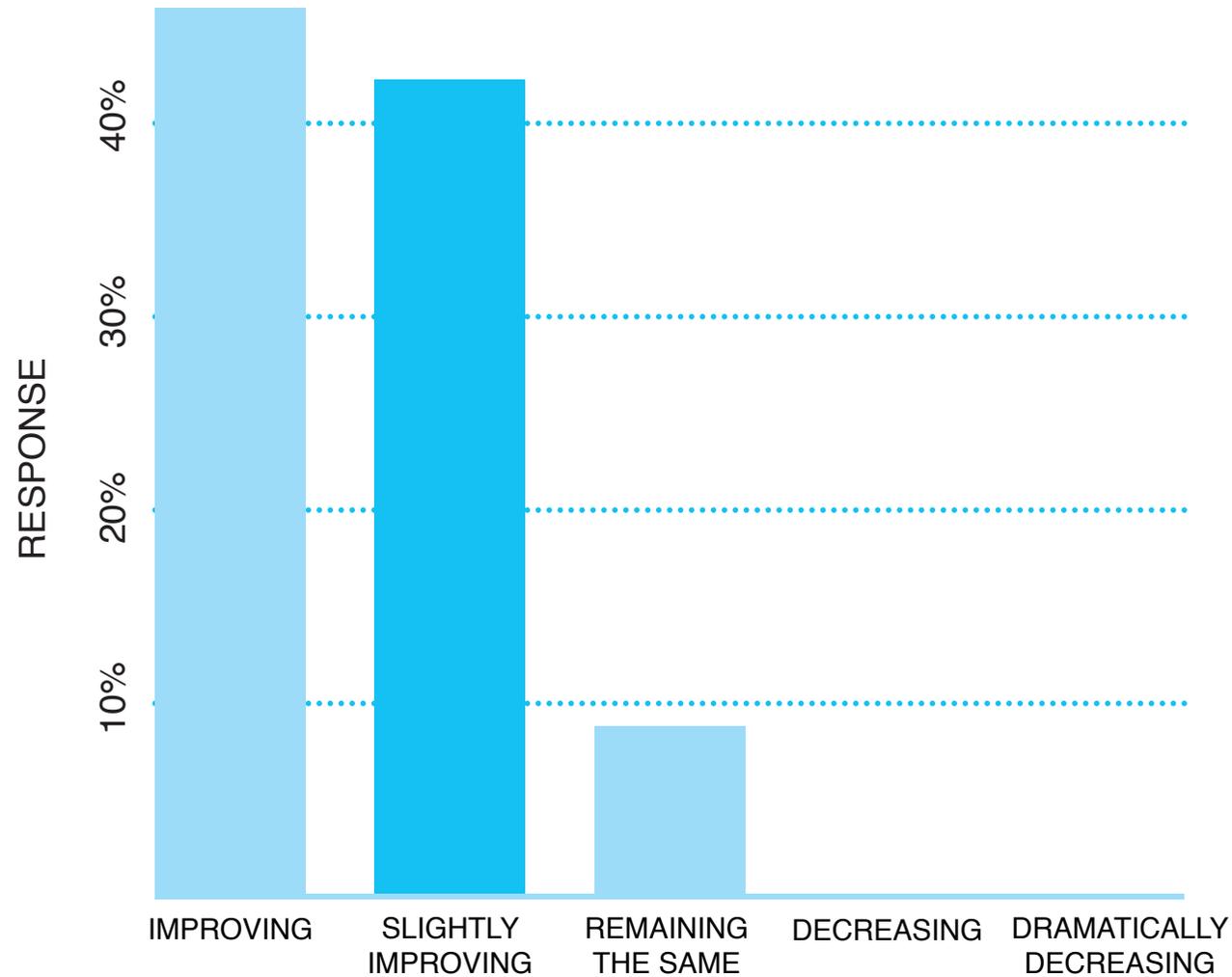


Jay Neale, co-founder
Magnifeye

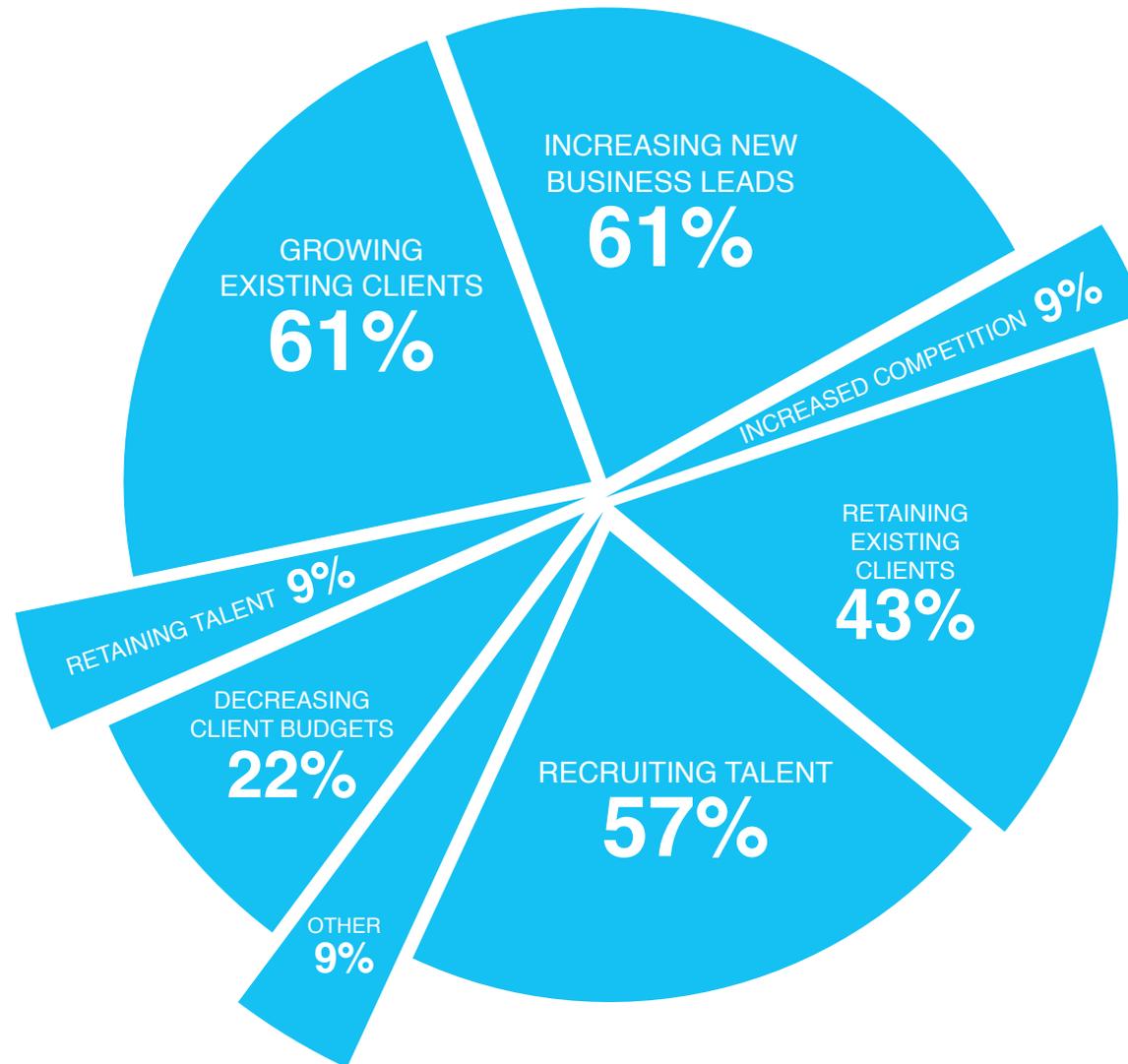
WE SPOKE TO



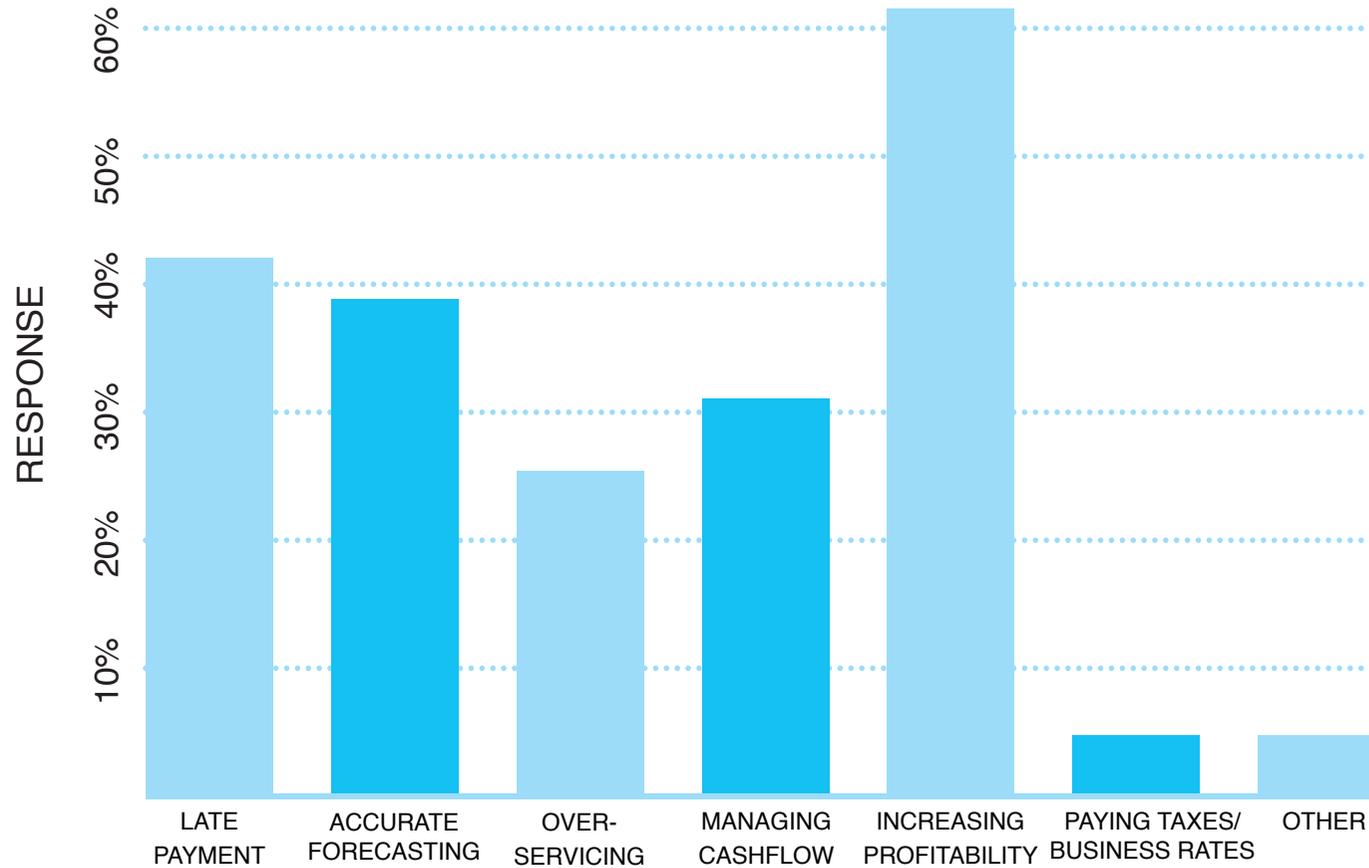
WHAT IS THE GENERAL OUTLOOK OF YOUR BUSINESS' PERFORMANCE OVER THE NEXT QUARTER?



WHICH OF THESE IS A KEY CHALLENGE FOR YOUR BUSINESS AT PRESENT?



WHAT ARE THE BIGGEST FINANCIAL CHALLENGES YOU FACE IN RUNNING YOUR BUSINESS?



FOCUS ON: THE CURRENT TRADING LANDSCAPE FOR CONSULTANCIES

It is a positive picture for consultancies in the UK at this point in 2016.

When combining those firms for whom their performance outlook is either slightly improving or improving, 91% of businesses are feeling positive about the next quarter. This is an increase from 88% in the first Barometer (which was surveyed in Q2 2015), with 9% now feeling things will remain the same for them, and still no responses that consultancies are expecting performance to decrease at all.

In this climate of increased performance and optimism for the coming months, the challenges that are facing those consultancies surveyed are linked to supporting growth:

The top five challenges for consultancies at present are:

1. **Increasing new business leads - 61%**
2. **Growing existing clients - 61%**
4. **Recruiting talent - 57%**
5. **Retaining existing clients - 43%**

Recruiting talent was the top issue for consultancies in the last Barometer. Perhaps this shift in opinion reflects the change in outlook for some as does a slight change in the top financial challenges they face too:

The top five financial challenges faced by consultancies:

1. **Increasing profitability - 61%**
2. **Late payment - 43%**
2. **Accurate forecasting - 39%**
4. **Managing cashflow - 30%**
5. **Over servicing - 26%**

The addition of over servicing to this list of challenges since the last Barometer could be linked to an anticipated increase in performance, therefore a drive on new business is certainly linked to the challenge facing consultancies to increase profitability.

It appears the drive for growth is accelerating for many, in which case finances and maximising opportunities will be under the microscope for leadership teams over the coming months.

JAY SAYS:

“Seeing that, for the majority, the trading landscape is on the up is fantastic and great for the sector as a whole. It is time for consultancies to move forward in this time of positivity and it is only sensible to re-view just where profitability is being driven within the businesses. However, it is still a concern that late payment continues to be an issue for so many for what ever reason. Cash flow management challenges also hang over firms. Process and back office help should be explored for those struggling to overcome these challenges. Help is at hand!”

FOCUS ON: THE CURRENT TRADING LANDSCAPE FOR CONSULTANCIES



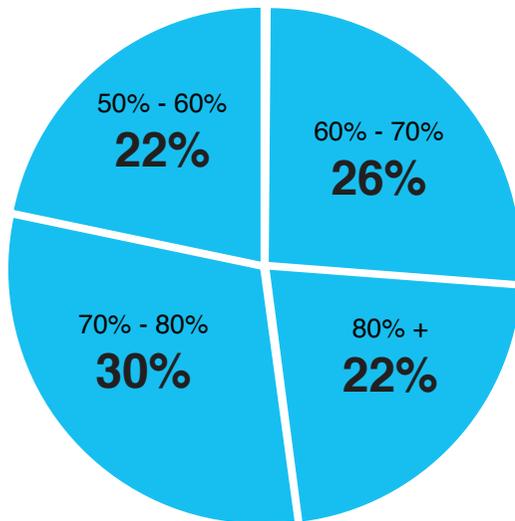
All businesses, regardless of industry, should be optimising their financial position to support ongoing development and investment plans. **Lucy Painter, Director at business finance broker FUNDINGROUND Ltd,** indicates however that knowledge of alternative finance channels to support business growth is not always strong within businesses, particularly SMEs. Are all tax allowances maximised? Are business assets financed efficiently? Could day-to-day cash flow strains and demands on working capital be managed in a better way? Are different borrowing options sought to finance growth in the business?

The British Chambers of Commerce have recently said that more than half of British companies they surveyed, rejected traditional bank loan terms due to high costs, yet were unaware that many alternatives existed, beyond bank loans and overdrafts.

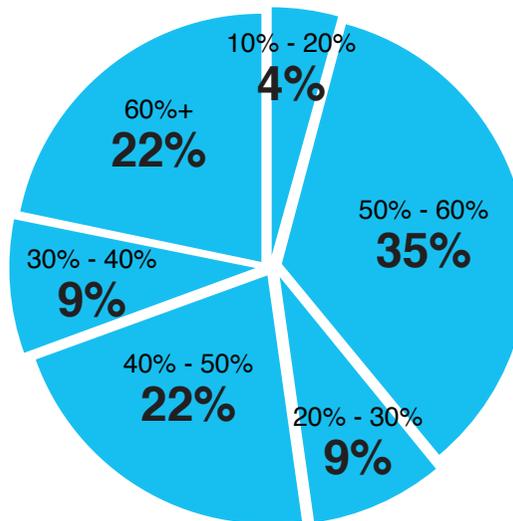
Consider, if many of the UK's largest corporates can benefit from a blend of debt and equity to ensure the most efficient use of capital and preserve liquidity, surely small businesses should be doing the same? There is a baffling array of cost effective finance alternatives available to SMEs - this is an area where firms can benefit from using external expertise.

FOCUS ON: UTILISATION RATES

CONSULTANT UTILISATION RATE ACHIEVED



DIRECTORS UTILISATION RATE ACHIEVED



Looking at the current utilisation rates for employees and directors in those consultancy businesses surveyed, all employees are at 50% or above with the majority falling in the 70-80% bracket. With directors, the majority sit at a 50-60% utilisation rate for billable work.

JAY SAYS:

“Utilisation rates should always form part of the business planning strategy. They should not be left to chance.

“To maintain healthy utilisation rates, the business must have visibility and understand the number of hours in any given period that it must sell to achieve the target utilisation rates.

“I see a constant drain on a business, when the sales levels are not being achieved to hit the utilisation rates.

“When this happens, resources work on either ‘in-house’ projects or over-service the client jobs. This all leads to a reduction in the overall bottom line.”

FOCUS ON: YOUR BUSINESS GOALS

You may have set targets for your business at the start of the calendar year, or you may have laid down plans for the start of the financial year. Either way, strategic planning is vital for any business.

The majority of those surveyed for the Barometer, 78%, said that they are transparent with their employees about the KPIs set for the business. This ensures that common goals are shared and a deeper understanding of the part played by employees in achieving the goals set.

On the whole, the goals set are for the next year (by 65%), and nearly a third (30%) are also setting KPIs for the next six months; another third (30%) are looking to the next two years.

These goals are predominantly being reviewed monthly (by 43% of consultancies) with 22% reviewing them quarterly. This regularity is vital to ensure that plans are evolving but also that problems are spotted and acted on.

The top KPIs that are set on an annual basis by consultancies are:

1. **Increased revenue - 83%**
2. **Increased profit margin - 83%**
3. **Increased head count - 22%**
4. **Increased Net Promoter Score - 9%**
5. **New business revenue target - 43%**
6. **Increased client revenue - 35%**

7. **Increased client numbers - 48%**

8. **Award win - 4%**

9. **Specific new business targets - 48%**

10. **Expansion into new client sector - 22%**

11. **Adding new skills/division to the business - 17%**

The top KPIs that are set on an annual basis by consultancies are:

1. **Increase visibility through our own marketing/PR - 70%**
2. **Specific organisations as new business targets - 57%**
3. **Add a new sector focus to our offering - 48%**
4. **Specific new business revenue target - 43%**
5. **Specific new business proposals target - 35%**
6. **Specific new business wins target - 35%**

And when it comes to what all this success means for your business by 2017, are these top five your top five too?

1. **Ability to increase head count – 70%**
2. **Personal satisfaction – 65%**
3. **Pay rises for all – 57%**
4. **Dividend for directors – 39%**
5. **Investment in staff training – 35%**

LOOKING TO THE FUTURE: POST BREXIT



Business growth consultant Terry O'Mahony says that the UK's EU vote and the resultant political upheaval has created an uncertain future.

"When uncertainty goes up, confidence tends to go down, so there is often less work in the sector or the level of work is maintained but prices suffer," said Terry, who runs the East Midlands-based Construction Leaders Club.

"Companies often look at their cost base and cut their sales and marketing budgets

and their training budget, but that means they are less able to win work and have fewer people around to cope with the work, and they don't get the chance to upgrade their capabilities.

"We are heading into completely uncharted waters post-Brexit and it's now more important than ever that the leaders at the top of companies have the management and strategy training necessary to guide and develop their businesses through these uncertain times."

CLC CONSTRUCTION LEADERS CLUB

WHAT WE ASKED

HOW MANY EMPLOYEES
WORK AT YOUR COMPANY?

IN WHICH REGION OF THE UK
IS YOUR COMPANY BASED?

WHAT IS YOUR BUSINESS'
FIELD OF EXPERTISE?

WHAT IS YOUR BUSINESS'
ANNUAL TURNOVER?

WHAT IS THE GENERAL OUTLOOK
OF YOUR BUSINESS' PERFORMANCE
OVER THE NEXT QUARTER?
(compared to last quarter)

WHICH OF THESE IS A KEY
CHALLENGE FOR YOUR BUSINESS
AT PRESENT?

WHAT ARE THE BIGGEST
FINANCIAL CHALLENGES
YOU FACE IN RUNNING
YOUR BUSINESS?

ON AVERAGE,
WHAT UTILISATION RATE DO
YOUR CONSULTANTS ACHIEVE?

ON AVERAGE,
WHAT UTILISATION RATE DO
YOUR DIRECTORS ACHIEVE?

HOW DO YOU MANAGE
RESOURCE PLANNING & CAPACITY
IN YOUR BUSINESS?

HOW DO YOU MANAGE
REPORTING IN YOUR BUSINESS?

OVER WHAT PERIOD OF
TIME DO YOU SET GOALS FOR
YOUR BUSINESS?

WHAT KPIS DO YOU SET
ON AN ANNUAL BASIS FOR
YOUR BUSINESS?

ARE YOU TRANSPARENT WITH YOUR
EMPLOYEES ABOUT YOUR BUSINESS'
KPIS FOR THE YEAR?

CONSIDERING THOSE KPIS THAT
YOU PUT IN PLACE FOR YOUR
ORGANISATION HOW OFTEN DO YOU
REVIEW TARGETS?

WHAT BUSINESS SPECIFIC
CHALLENGES HAVE YOU SET FOR
YOUR ORGANISATION IN 2016?

ABOUT MAGNIFEYE

Magnifeye is part of The Agency Works Team, the UK implementation partner of Synergist. With a wealth of knowledge in accounting and project management systems, we work with you at every stage of the process taking a closer look to understand your business' needs, right through to the installation and training of new users.

We have a dedicated Client Services team who will ensure that your management system continues to run smoothly for your business after it has been implemented.



CONTACT DETAILS / LINKS

To discover how a project management system can benefit your business...

call 01455 553 246

or email hello@magnifeye.co.uk

www.magnifeye.co.uk

Twitter [@Magnifeye_UK](https://twitter.com/Magnifeye_UK)

Follow us on LinkedIn

www.linkedin.com/company/937514

And join the LinkedIn Business Vision Group

www.linkedin.com/grp/home?gid=6948048

