

DID YOU KNOW?

Many mistakes contribute to business' failures, including being underinsured. Indeed, a 2014 report found that more than half of all small- and medium-sized UK businesses are underinsured in the event of a disaster. Make sure your business is ready for whatever comes its way. Keep reading for tips on how to protect your business from failure.

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Tribunal Rules Companies Should Factor in Overtime When Calculating Holiday Pay

The Employment Appeal Tribunal (EAT) ruled on 4 November that companies should factor in overtime when calculating holiday pay, a controversial move that has been rebuffed by business leaders but celebrated by workers.

The ruling stems from three cases in which workers sued their employers, arguing that although they consistently worked overtime, it was not included when their holiday pay was calculated and, as a result, they received considerably less pay while on holiday compared to when they were working. The employees won their cases and the EAT rejected the employers' appeals, concluding, for now, that overtime should be considered part of an employee's normal pay. However, the ruling could still be brought to the Court of Appeal, meaning a final decision could be years away.

To curtail the potential for backdated holiday pay claims, the EAT ruled that employees cannot claim anything more than three months after their last underpaid holiday. Going forward, employers should decide how to deal with existing claims—all of which have been stayed pending the outcome of a likely appeal. Employers will also need to decide what constitutes normal salary to correctly calculate holiday pay. To cut overtime and holiday costs, employers should consider restructuring working arrangements or relying on bank or agency staff.



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The Top Reasons Businesses Fail

Businesses fail for a variety of reasons, but there is a common, basic group of missteps that ultimately result in most business' demise. Learning about and then taking steps to protect yourself from such mistakes could be the key to your business' survival.

After years of surveying the marketplace, consultants and other business experts have created lists of the most common reasons that businesses fail. Although these lists can differ, experts agree that the following five reasons are common to most business failures:

1. **Making decisions based on insufficient management information** – Without the proper resources to make well-informed decisions, your business strategy is akin to finding your way in the dark—

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Rural Businesses: How to Compete With Your Rivals in the City

SMEs (small- and medium-sized enterprises) are not the only businesses fighting for survival in the countryside—rural areas house businesses big and small. Although there are higher numbers of SMEs in rural areas according to the Office for National Statistics (ONS), the problems that plague rural businesses plague *all* rural businesses, not just SMEs.

UK businesses big and small have trouble competing with their rivals in London and other population centres—they face challenges related to insufficient business support, a lack of online engagement and low recruitment numbers. But these challenges do not successfully squash rural businesses. In fact, the number of businesses per head of population is higher in predominantly rural areas than in predominantly urban areas, according to the ONS. Despite the challenges, businesses can thrive in the countryside. Heeding the following guidance can help your business compete with and even overtake your rivals in the big city:

- **Search for resources that support businesses large and small.** If your business is located in a very rural area, you may not have access to a local Chamber of Commerce or other business networks. Look online to connect with such resources if they are not physically present in your area. Visit these resources for location-specific guidance:
 - England (www.gov.uk/browse/business)
 - Business Wales (<http://business.wales.gov.uk>)
 - Business Scotland (www.business.scotland.gov.uk)
 - Invest Northern Ireland (<http://www.investni.com/index.html>).
- **Rely on online tools to drum up business.** The decreased population of rural areas forces business owners to rely on online tools such as social media to spread awareness and drum up business. Draw attention to your business' activities rather than advertising products or services to cultivate an engaged client base.
- **Create ties with local colleges and training centres to overcome recruitment challenges.** Fewer people means a smaller talent pool. Foster lasting ties between your business and local colleges and training centres to ensure a steady stream of qualified candidates. Develop a comprehensive training plan aimed at retaining employees in order to minimise training costs—you cannot afford to train several employees until you find the right fit.

The Top Reasons Businesses Fail

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you may know where you want to go, but you cannot see the path. You need timely and relevant data to guide your business decisions.

2. **Neglecting to plan for disasters** – About half of all businesses experiencing a disaster with no effective plans for recovery fail within the following year. Make sure your business is prepared well before a disaster hits.
3. **Failing to secure long-term financial support** – Any strategic moves must be financially realistic. No matter how smart the strategy may be, a business will fail if it cannot execute its plan due to insufficient financial support.
4. **Investing your resources in only one place or plan** – Failing to diversify your business' resources makes it vulnerable to swift change and prevents it from being able to take advantage of new opportunities.
5. **Losing sight of your business' core values** – Forgetting or neglecting why you got into business in the first place can be fatal—remember what pushes you and your business toward success to help you keep moving forward.