

Monthly Newswire

Welcome to our monthly newswire. We hope you enjoy reading this newsletter and find it useful.

January 2023



Employment trends

Key trends in attracting and retaining employees in 2023

As we begin the new year, employers are grappling with numerous challenges such as the cost of living, staff wellbeing, hybrid working and economic headwinds.

Hybrid working has a number of benefits for staff and businesses – it can boost productivity, improve employee wellbeing, help to retain staff and reduce premises costs as not everyone needs a dedicated desk in the office. However, some team members may be refusing to attend the office and others may be abusing their flexible working arrangement and not performing to the expected standards.

To manage such issues, employers should have a written hybrid working policy which sets out clear expectations of staff when they are working from home. Managers should ensure that they regularly catch up with remote workers and any performance issues should be recorded on a regular basis, in a format that is set out in the hybrid working policy.

Employment contracts should also clearly state any expectations around attending the office on “connect days”, etc. so that everyone is clear on what is required.

Cost of living and staff wellbeing are issues that are often interlinked. If your people are stressed or have worries about whether they can cover their electricity, mortgage, heating or other bills, their performance at work will likely deteriorate. We all acknowledge that employers don't have an endless supply of cash to increase wages in line with inflation, however, many businesses have put assistance schemes in place for their employees who may be struggling with the cost of living.

Economic headwinds are another key trend for 2023. Large international tech businesses are cutting back and thousands of jobs have been lost at firms such as Twitter, Meta, Coinbase, Amazon and Snapchat. Businesses in other sectors may start to struggle as the economic environment worsens due to high inflation, higher borrowing costs due to increased interest rates, the global semi-conductor shortage and other factors that are affecting the UK and the wider global economy. 2023 looks set to be a challenging year, but it may also present employers with an opportunity to rethink their strategy and change course accordingly.

Growing your business through a recession

As we begin the new year, we are entering choppy waters. How can businesses maintain growth despite economic headwinds?

Growing a business is hard work, particularly during a challenging economic environment. However, now might be the time to increase your market share while your competitors are pulling back. Perhaps some of your competitors are laying off employees and if so, this could be a good time to acquire some talented people from a rival firm. You could also take advantage of less competition from rival firms and try to grow your market share.

A recession may be a good time to renegotiate deals with your suppliers. Perhaps you could negotiate a cheaper lease on your premises or more favourable payment terms where you have 60 or even 90 days credit on raw materials or other supplies. Locking in favourable deals now will prove helpful for when the market picks up again.

During a recession, cash is king. Keep an eye on costs and manage your cashflow as effectively and efficiently as possible. Where possible, avoid offering 30 or 60 days for clients to pay their invoices. If you can, switch your clients to either a pre-payment or payment-on-demand model, so that your cashflow doesn't get caught up in unpaid invoices.

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As competitor firms cut back, they may do so at the expense of customer experience. Do some market research and monitor areas where rival firms may be struggling – such as customer service, turnaround times or basic things like answering the phone or returning calls. Double down on customer experience and try to surprise and delight your customers as much as possible. A downturn in the economy may provide your firm with the opportunity to build a reputation as a reliable, customer centric business that always answers the phone and provides swift customer service (while competitors are struggling to do the same).

A recession may also provide you with the opportunity to streamline your product or service offering. Maybe you can do some “pruning” and eliminate product or service offerings that don’t sell or that struggle to make a profit. You can then re-direct your resources to the products, services or business activities that contribute most to income growth and profit.

Critical thinking

Improve your problem-solving skills to help you become a more effective manager

In business, critical thinking is the ability to solve problems effectively by gathering key information about the issues at hand, generate further ideas involving a variety of perspectives, evaluating the information using logic and making sure that everyone involved is on board with the decision.

Critical thinking ensures objective and efficient problem-solving which can help to reduce costly errors and help to ensure that your firm’s resources are utilised more effectively. Team members who employ critical thinking can connect ideas, spot errors and make better decisions. Critical thinking is a soft skill that includes:

Analysis

Collecting data from multiple sources, asking the right questions and avoiding bias in order to remain objective. When approaching a specific problem, critical thinkers gather and double-check the facts, assess independent research and sift through information in order to determine what is accurate with a view to resolving the overall issue.

Problem solving ability

Critical thinkers are proactive and willing to offer suggestions based on all the information that they have to hand. They take a positive view on problem solving and look for optimal solutions to the issues that they are dealing with.

Open mindedness

In order to be a critical thinker, it is necessary to be open-minded when it comes to considering opinions of others and / or information that may differ from your assumptions. Critical thinkers listen to colleagues and can let go of personal bias in order to recognise and embrace the best solution to a particular problem.

Communication

As ever in business, communication is key. Critical thinkers tend to have strong communication skills and are good at sharing ideas and decisions with the rest of the team. They tend to support their decisions with relevant material in order to substantiate the decision and ensure that the whole team are on the same page.

Critical thinking encourages creativity, teamwork and can save time and money for a business. If your team can think more clearly and deal with challenging situations quickly and efficiently, your firm will have a competitive advantage over other businesses in your market.

Encouraging collaboration

Building a collaborative culture isn’t easy. If it was, all businesses would be good at it

Good results are dependent on good relationships. In order to build a collaborative business from the top down, the management team need to build good connections with each other.

Talented business leaders may often struggle with collaboration. In many cases, being strong, forward-thinking individuals is generally what propelled them to their current level of success, so these people tend to shy away from collaboration. However, in order to build a collaborative firm, you need to start at the top.

The most likely reasons for businesses failing to collaborate include senior managers who operate in silos, a lack of collaborative vision from the leadership team and senior leaders / managers not wanting to give up control.

Collaboration doesn’t come easy to most leadership teams. This is often driven by a fear of being overshadowed. Members of the leadership team tend to have a personal track record of winning or being the best. As such, the idea of sharing the spotlight can be a source of anxiety.

It is essential for the leadership team to embrace the idea that as senior business leaders, success is achieved through integrated efforts. To support this, the leaders of the business need to change the narrative and focus on how their individual contribution can be amplified if it is combined with the contributions of others, through teamwork.

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Collaboration is not something that people are typically taught at school or university. It requires a complex set of skills and attributes including active listening, shared problem solving, curiosity, humility and being able to disagree in a non-destructive way. If there is a skills-gap in your management team, then perhaps it is necessary to undergo some training to build a more collaborative approach to managing your firm.

Once the leadership team begins to work more collaboratively, this will tend to cascade down to others across the business. To encourage a more collaborative approach, the leadership team needs to be open to change and new ideas. Management needs to show that they value others equally and should encourage people from different teams to work together to drive success across the business. Over time, this will encourage others across the firm to become more collaborative, too.

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