



The SME Recruitment Challenge

SMEs make up the vast majority of businesses in this country and contribute billions of pounds to our economy. The country would grind to a halt without them. And yet most people say they don't want to work for a 'small business'.

How can SMEs reverse this and what do they need to do to attract the brightest and best senior talent?



Norrie Johnston Recruitment

Is small beautiful?

As their name suggests, SMEs may be 'small' but they make a very big contribution to our economy.

According to the latest statistics from the Department for Business, Innovation and Skills,* there were a record 5.4 million private sector SMEs at the beginning of last year – that's an increase of 1.9 million since the start of the new millennium.

These companies employ 15.6 million people, have a combined annual turnover of some £1.8 trillion and account for 99% of all private sector businesses in the UK.

Although many of these may be sole traders or employ just a couple of people, the UK's much vaunted science, technology and engineering sectors and internationally renowned creative industries are a hot bed of small but burgeoning businesses. And as the meteoric rise of one-time SMEs like Innocent and boohoo.com shows, there are plenty of interesting and challenging career opportunities to be found within the smaller business community.

Given this, you would think SMEs would have ambitious senior executives banging on their doors, but this couldn't be further from the truth. Research we conducted with our database of registered candidates shows a very different picture.

Of the 140 senior personnel we surveyed, just 21 said they would like to work for a company with fewer than 50 employees. The majority of respondents thought that the ideal sized company has between 101 and 500 employees while 17% want to work somewhere with over 500 members of staff.



15.6m

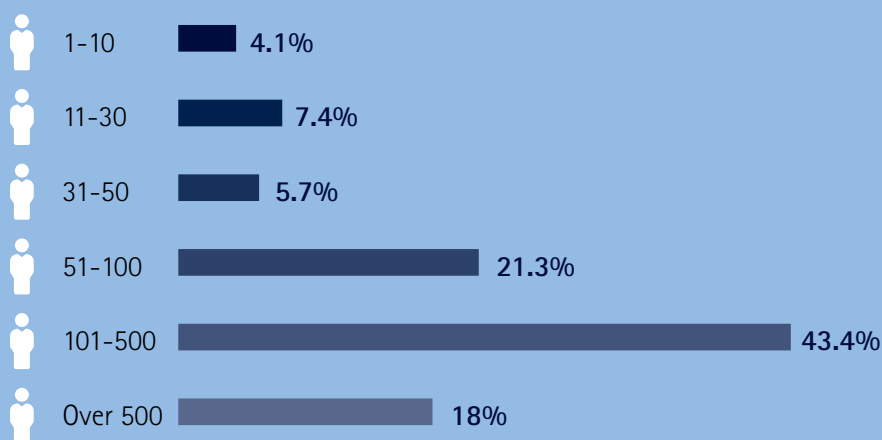
million people are employed by SMEs in the UK



£1.8 trillion

combined annual turnover of SMEs in the UK

What do senior personnel think is the ideal sized company?



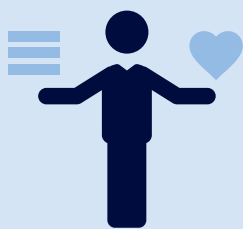
*https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/467443/bpe_2015_statistical_release.pdf

Big vs small

To try and get to the bottom of this, we wanted to find out what makes larger companies so much more attractive as employers and again, this gave us some interesting findings.

Two things we know are important to all of us are having a clearly defined career path with the scope to grow and progress, and maintaining a good work-life balance.

When we asked our survey respondents whether they thought small companies were better placed to offer these than large businesses, the answer was overwhelmingly negative.



68%

of people thought that large companies offer a better work-life balance



66%

of people thought that career progression is faster in a large company

When we dug a bit deeper, our respondents gave us more insights into what they perceive as the downside of working for a small company. Here are just a few of their thoughts:

'Limited scope for growth in a professional capacity'

'Can be very intense'

'Higher risk of company failure'

'Financially less able to survive swings in the economy'

'Lack of opportunity to try new things'

'Lack of wider opportunities such as training'

To provide a comparison, we then asked what the key benefits of working for a large company are. Three things really stood out:

Having access to established training programmes

The scope to learn from a bigger team

The ability to name check a well-known brand on a CV

So some clear themes are starting to emerge: the general perception is that large companies are more secure, offer better training and provide more opportunities for employee growth.

Show me the money

As the old saying goes, money makes the world go round and it's fair to say that most of us would rather earn more than less.

We wanted to know if people's belief that bigger companies are better was partly down to money, so we asked our respondents if they thought directors of small companies earn more or less than their counter-parts at large companies. The results speak for themselves:

Do directors of small companies earn more or less than their counter-parts at large companies?



In fact, 70% of people who said they thought they earn less, believe the differential is at least 15% with 30% believing that directors of large companies earn over 25% more than their equivalents at SMEs.



But it's not all bad . . .

The millions of people working for the UK's SMEs can't all be wrong and, of course, there are some clear benefits to working for a small company.

Our research highlighted three benefits as being of particular importance:

It's easier to make a bigger impact at an SME

Small companies are more entrepreneurial

There is less hierarchy and politics

These findings correlate with the views given when we asked our respondents about the downside of working for a large company. Here are just some of the comments we received:

Larger companies can be more bureaucratic

There's a lack of identity. You have to conform and be part of the matrix

Corporate and people politics is a distraction

You can get lost in the numbers; you are a small fish in a big pond

There's a lack of feeling part of the team

Inflexible processes, slow to respond



Recruitment challenges faced by SMEs

Graham Oates, CEO of Norrie Johnston Recruitment, gives us his take on the recruitment challenges faced by SMEs



I find the results of our survey really interesting. Despite the vast majority of respondents saying they don't want to work for a small business, 70% of the senior level executives we surveyed agreed that they're more likely to work for an SME now than at the outset of their career and 76% said that senior executives of smaller companies have greater influence than those at large businesses. That says to me that, as we progress in our careers, we appreciate and want the different opportunities that SMEs can offer.

So why do so many SMEs struggle to attract the very best senior talent? In my view, it's because they're confronted by two specific challenges. Firstly, SMEs are unlikely to have a large, sophisticated HR function with sufficient resource to focus solely on recruitment, or be supported by a well-known, strong employer brand.

Secondly, the traditional route of using a recruitment consultant is often unaffordable. Taking on an expensive, senior role is a big decision for a small company, but adding a twenty or even thirty percent premium to that annual salary to fill the role can simply make it prohibitively expensive.

Recognising both these challenges, we've developed a new service specifically for SMEs offering all the tools and techniques that the biggest employer brands have access to but in a flexible, affordable package. This new approach will make it easier and more feasible for SMEs to access the same recruitment support that large companies take for granted.

SMEs no longer need to be outgunned by their larger competitors when it comes to finding and attracting senior talent.

70%

said that senior executives of smaller companies have greater influence than those at large businesses

The New SME Service

Regardless of the salary level, Norrie Johnston Recruitment (NJR) will work for a fixed fee. It then offers a series of three packages, so SMEs can choose the level of support they want:

- SME Service: NJR will search for and pre-screen candidates, leaving the client to take-over the interview and appointment process.
- SME Plus: NJR will also manage the interview scheduling, offer negotiation and appointment process as well as helping with employer brand positioning and market research.
- SME Managed: This package also includes company profile, branding and messaging, plus an on-call service for all management recruiting.

To find out more call us on ☎ 0203 5824 951 or email ✉ info@NorrieJohnstonRecruitment.com

Attracting the best senior talent

Given that SMEs make up such a large proportion of the UK's businesses, it's vital that they position themselves to compete for the best talent and build strong leadership teams. That's easy to say, less easy to do.

We've asked five experts to give us their thoughts on what SMEs need to do to close the perception gap that clearly exists and make themselves as attractive as possible to potential top level recruits.



The importance of building a brand

Martin Campbell, MD, Ormsby Street, gives us his view on the art of developing a strong employer brand:



The ability to be a good storyteller is arguably the most important attribute a business leader can have. This allows them to position their business as they want to, with both internal and external audiences, and is also key to engagement with staff, investors, partners, customers and potential employees. The key to successful storytelling in business is not only to demonstrate success but also to bring it to life. So when I talk about Ormsby Street, I don't just rattle off a list of our achievements and awards won, I talk about why we started the business, how we all work together and how we are helping small businesses, all the time illustrating with some of those achievements.

This is of particular important when it comes to recruitment and developing a strong employer brand. As a business grows, the leader must communicate clearly to their team the story of what they're trying to achieve, where they've come from and where the business is ultimately headed.

This empowers others in the business to tell that story too, and means that organically, the story will develop and change as the company grows. When a business is recruiting, by far and away the best way to go about it is by making sure the existing workforce is properly engaged.

The immediate network should always be the first place to look when hiring, and if staff can tell the company story clearly and well, then it makes for a much simpler conversation during the recruitment process and makes the company a far more attractive proposition.

Storytelling and the development of a strong employer brand are key tools when a small business is recruiting and play a major role in attracting and keeping the best staff.

Storytelling and the development of a strong employer brand are key tools

David Dews, Creative Director at Speed, gives us some useful tactics for building a strong employer brand:



The ability to attract and retain the best talent in the market is crucial for any business. At Speed, we build a strong employer brand by communicating our 'human' culture, our mission and values across a range of collateral. By making these clear, we are able to build a distinctive brand identity that is left memorable in the audience's mind.

So how do you develop an employer brand? There are many ways to do this and the use of logos, career pages and social media are all common ways.

For example, on the Speed website, we have a team section that introduces our 'speedsters', which helps construct an employer brand. By using these individual human narratives as well as a random fact for each speedster we show potential candidates that we really do care about who works with us as they are the ones that make things happen! So when a potential candidate looks at our website, they can see themselves creating similar stories as a speedster. Speed is a great place to work and we want to promote that through our branding.

But why should you go to all the effort of building a strong employer brand? Because your business will attract more highly talented recruits – they can become an even greater asset and add value to the brand.

Having attracted the right candidates. Employer branding also involves applying a similar approach to people management. The way we treat our speedsters is another important step to retaining them.

Communication is open here at Speed and we allow creativity to blossom. For example, our apprentice would feel as comfortable talking to me about an idea he or she has had as our senior designer would.

We don't really have a lot of long formal meetings as they can be time consuming and energy draining . . . instead, we replace them with shorter unrehearsed ones when we have something interesting to share or if we need help or ideas with anything.

Ultimately, we want to keep our speedsters happy as this in turn benefits the business.

Communication is open
here and we allow
creativity to blossom

Get the package right

Lee Biggins, founder and managing director of CV-Library, gives us his thoughts on the packages that SMEs should be offering:



At a time when SMEs are having to fight harder than ever for the top talent, being aware of what job hunters are looking for is crucial. While offering a decent salary is important, there are other perks and incentives that businesses can offer to complement their employment packages and our recent research reveals that these are often well-received and appreciated by candidates.

Although some companies are getting it right and offering job hunters exciting and innovative packages, we spoke to over 2,400 employees and over half (53.5%) feel that many businesses gear their workplace perks towards millennials.

While this can be a great way to engage with this cohort, in order to attract and secure the top recruits, it's essential that employers are including the right incentives for all employees, and are not simply targeting future working generations.

For example, despite the rise in the number of businesses offering 'quirky' perks such as free desk massages or lunchtime yoga classes, job hunters would actually prefer more traditional incentives; almost a quarter advised that they'd appreciate an increased holiday allowance, while nearly a fifth would prefer the option of early finishes, or something that would save them money, such as a gym membership or free food.

SMEs that take measures to ensure both current and prospective employees feel valued and appreciated should find themselves winning the best candidates, outdoing their larger competitors and establishing a strong employer brand. By offering fair salaries and relevant, motivating incentives, smaller businesses should be able to rest assured that it's possible to secure the top talent without spending huge amounts of money.

53.5%

feel that many businesses gear their workplace perks towards millennials



SMEs are having to fight harder than ever for the top talent

Set the tone with a culture of development

As our research demonstrated, career development is vitally important. Eliza Rawlings, Managing Director, Festo Training & Consulting, tells us more:



The power balance has shifted between organisations and employees. It is no longer the gift of employers to only provide what are now considered hygiene factors – a good salary commensurate with experience, in a location that suits, and a role that fits with the skills of the senior executive.

Employees at every level, but particularly in senior level roles, are looking for more. They're seeking fulfilment and meaning. They're looking to be part of something where they can see and feel they're making a difference. They're looking for a culture that fits with their values. Where they are coached to improve and have the opportunity to coach and develop their team.

Finding this fit can happen by chance. But that's a high price to pay – for both parties. Organisations need to take a different approach. The first step is one of self-awareness. What is the actual internal culture – and does this match what is portrayed externally. They need to objectively assess the level of engagement their people have. Glassdoor is an insightful tool – a bit of a TripAdvisor for employees to rate their employer and it can really highlight issues. By understanding the culture of the company, organisations can coach what needs to be changed, and communicate effectively what is great about them – to attract the right calibre of talent.

Coaching can be one of the most effective development tools. Introducing senior executives to the benefits of coaching – for themselves and for their team – can have far-reaching and long lasting benefits. Your senior executives will stay longer, develop their people more effectively and importantly, be more fulfilled in their role and engaged in the company.

For organisations, this means that smaller companies can compete effectively with large corporates as they can offer a fulfilling environment and more rewarding career.

Employees at every level
are looking for more

Grow sustainably

Michael Hall, Co-founder and CEO of Cyberkudos and Talent Director hired by DueCourse, gives us his view on the need for strategic recruitment:



In my experience, small business hiring needs to be done at a strategy level rather than an operational level. This means it needs to be planned as far in advance as possible and not rushed through when the company has already arrived on the market.

To compete with the bigger companies, SMEs need to be smarter, not just throw money at the problem.

When pitching for investment for hiring, SMEs need to ensure they've already fully researched things such as where the company needs to be located, how much investment they need to raise, who they need to hire and how much the truly exceptional people in the sector are being paid.

The reason so many young start-ups and small businesses fail is that they neglect this financial and strategic planning and, as a result, find it really difficult to bring in the knowledge and expertise they need.



Grow sustainably (continued)

So, before even thinking about packages and being competitive with larger companies, SMEs need to ensure they make it part of somebody's role within the organisation, the CEO for example, to spend a portion of their working week actually going out into the industry, headhunting the very best people, building relationships and creating a bigger picture of where the talented people are.

When it comes to packages, SMEs really need to understand the market and not just go by word of mouth. They need to speak to industry experts and research the market thoroughly to understand the benchmarks and be competitive. They need to be comparable to the current market, but also go 10-15% over and above it if they can. So if the market suggests that £50,000 will get you somebody great, then you need to overcompensate slightly to get the best people.

A good way to approach it is, if an SME is thinking about hiring two software engineers at £30-40,000, maybe investigate the possibility of this being condensed into one single role and offering £70,000.

Research around other package benefits shows it's great to have extras like a relaxed office culture and quirky office design, however these aren't the things that bring the right people through the door in my experience.

The most important package benefit to give an SME that extra competitive edge is the opportunity for flexible working hours. Millennials, the single largest workforce in the US and one that is growing exponentially in the UK, want fluidity and flexibility in their roles. Creative minds don't work 9-5, so why should a business? Here lies an opportunity for SMEs to really understand human individuality and create a working environment that encourages flexibility and, in doing so, they will find that more of the best people are interested in taking up a job opportunity with them rather than a bigger business with more rigid working hours.

Another essential package benefit that SMEs absolutely must be able to provide is good learning opportunities for all staff. Learning is a big pull for any new recruit, especially among millennials, regardless of skill level. So whether a business allows time in the week for staff to go out and attend events and courses, or chooses to bring that knowledge into the building and teach new skills internally, they will find that this will provide an extra pull which could just tip the scales in their favour when competing with bigger businesses who are more likely to have less time to invest in learning.

To compete with bigger companies, SMEs need to be smarter

Attract the big hitters

Michelle Wright, Chief Executive of Cause4, gives us her tips for getting the very best talent on board:



As a small growing enterprise, you need the right mix of talent to help you develop your business. But, for many SMEs, the constant competition from big name brands in your industry can make it feel like you'll not get a look in when it comes to attracting and retaining vital senior employees.

I was once told that it was tricky for a small business to hire someone on the way up, not on the way down. I took that to mean anyone leaving a senior role in a larger business to join my smaller organisation was only there because they couldn't get anything better and I resented that view.

Our company isn't a temporary stop off for senior staff but a place where they can achieve their own career goals, contribute directly to our mutual success and should be seen as a highpoint on their CV not a stop-gap. We can't compete on every level but what I've learned is that the following points are a great starting point for discussion with senior managers:

- **The value of flexibility** – SMEs may not be able to compete on salaries and bonuses with big firms, but there are other perks that many people value that we can provide. One thing we offer senior staff is flexibility, working from home, sabbaticals, etc that they can't get in a bureaucratic organisation. Be upfront about the working environment and you'll find there are some people that will find that very attractive.
 - **Being heard** – Autonomy in a job role is very attractive to a senior manager who has struggled with hierarchy and been unable able to see their best ideas take shape because they work amongst the red-tape. As part of a smaller business a senior manager has the flexibility to explore work that is of interest to them and can help drive through change.
 - **A good package** – Cause4 is a B-Corp and we invest in support packages for permanent staff including a pension, death in service, health insurance. There are cost-effective packages you can get for small teams so you can still provide the perks that a senior professional might be relying on.
 - **Be a real part of the business** – Like some of the other best small businesses, we are working towards employee ownership options where senior staff can have 'skin in the game' in new projects. That's a proposition that is almost impossible to find in some larger organisations.
 - **Make a difference** – Obviously, the values, mission and vision of being part of a B-Corp or a smaller business with strong values can be fulfilling and it is often more stable than the constantly evolving world of big business where the threat of redundancy can be linked to a change in share price or a corporate strategy that the senior manager has no control over. The benefit of working for a company that contributes to society can't be overstated.
- Hiring the right people is one of the most challenging aspects of running any business. And, when it's a small business each person makes up a large part of the whole. A motivated, imaginative, talented senior manager can have a huge influence and they'll enjoy seeing the impact they make. However, the flipside is that the wrong person in a top spot can be a nightmare.
- Hire slowly.** Take time to find out if the person is right – even consider offering them a trial period – so that you know that the investment both you and the employee is making is going to pay off.

About Norrie Johnston Recruitment

Norrie Johnston Recruitment (NJR) is an executive search & interim management specialist focused on filling senior interim and permanent £70,000 + roles. It uses a mix of technology and social platforms such as LinkedIn plus, importantly, traditional search, employing best of breed recruiters and leadership with real-world corporate experience. Through this combination it provides hand-picked short lists of perfectly matched senior interim candidates within to 2-4 days while for permanent roles the timeframe from brief to short list is 2-4 weeks.



To find out more

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