



The road ahead

While 2009 was a bumpy ride for all concerned, what will 2010 bring for North West plc? *Insider* gathered business leaders and professional services firms together to debate the outlook for the year ahead

In terms of the outlook for your business, how do you feel now compared to 12 months ago?

Dominic Baldwin For a small boutique firm we remain extremely optimistic. 2009 was the most successful year we have had to date, and probably my most successful in financial services. Change brings fantastic opportunities if you are forward-thinking enough and prepared to adjust.

Simon Bate Twelve months ago we were really looking into the abyss. I don't feel particularly optimistic about the short-term future because there is a good deal of shake-out still to come that will ultimately affect potential occupiers. I've got some issues about our historic business model, which was very focussed on multi-phased, mixed-use town centre regeneration projects. There are serious questions as to whether those schemes are deliverable without major public sector intervention. The big challenge is maintaining a sustainable business model that is able to take advantage of opportunities as and when they arise.

"Entrepreneurs have started to look inwards to their networks of funding. In the past four or five months, people have been busier."

Imran Hakim

David Meir One of the key successes for us has been the business model that we run. We have aimed at taking inefficiencies out of the supply chain. It has also helped that customers have been focussed on food miles and CO2 emissions, which has enabled us to move services from road to rail.

Ian Hudson The challenges we thought we were going to face with the Hudson Hill haven't really materialised. We took quite a bold move 12 months ago and wrote to all of our customers, saying 'if you are experiencing any pain, certainly with IT support, let us know early'. Building those solid relationships has helped and next year will be healthy. Things that companies have put off doing; they will have to do now. For Psycuity it has been an opportunity to implement an aggressive growth strategy.

Is the private sector positioned well enough to lead the recovery?

David Holland It is better positioned due to the fact businesses have had to adapt to the new reality. But it's

worth remembering that coming out of recession there are usually more casualties than going into one. Forecasting will be critical to see whether we have really got an upturn or just a rebalancing of the supply chain.

Keith Johnston The private sector is the only place where we will see growth and that's going to be a combination of solid business models and hopefully an increasing stream of funding for businesses. But we do see continuing problems with liquidity and the reality is that there will be no fuelling of growth through our banking sector.

Christine Adshead In a recent survey we did, over half of businesses were feeling more confident than they were two years ago. About one third said they had experienced problems with financing but over half believed they were in a position to move forward.

David Edwards The fact of the matter is that banks are going to adopt a more conservative lending policy. For the banking industry in general –

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not our bank – they are repairing their balance sheets and deleveraging. While they are going through this process, the availability of credit will be impaired. The cost of lending to corporates with a riskier profile has also increased under the Basel II regulations.

Imran Hakim Entrepreneurs have started to look inwards to their networks for funding. In the past four or five months, people have been busier than any time I can remember in the past decade.

How will government intervention affect the landscape for businesses in 2010?

Johnston It seems the Conservatives would not dramatically change the tax burden on business; and seek to address the debt burden. Those things don't spell dynamism for the

LEFT TO RIGHT:
Dominic Baldwin,
Keith Johnston,
David Rothburn,
Christine Adshead, David Meir, David Holland, David Edwards, Imran Hakim, Simon Bate and Ian Hudson

economy as a whole, but I think there will have to be some stimulus for the business sector.

Hakim Everyone agrees that it will be entrepreneurial wealth that will provide growth and cut the deficit. But if that's where the wealth comes from then the taxation on wealth will increase. There is a contradiction there but I don't think anyone can see where else it will come from.

Bate There is no prospect of them addressing the deficit by increasing taxation. If they do put it up then the tax take will be less because people will move abroad. As entrepreneurs develop they become more tax efficient – the thought that entrepreneurs will be growing business and paying off this debt is ludicrous.

Johnston The think-tank group Reform is saying that one million jobs have to go from the economy. That is just an unbelievable statement in itself but I think there is an argument to take out jobs and not hit the rest of us with tax.

What are the key areas for businesses to concentrate on in 2010?

Meir It's about keeping the confidence of your customers and trying to mitigate future cost rises, which are coming, certainly in our industry.

Hudson It's about concentrating on the value that you offer. We have been made to focus internally on what customers really want and need.

Adshead Yes, and not what you think they want but what they actually want.

David Rothburn If you've got your traditional business model and you've not changed then you might be suffering and waiting. If your business model has been robust, then you should look forward to some good times; if not then you need to change it.

Are there opportunities for collaboration, especially among professional services firms, in order to maximise opportunities?

Baldwin The best solutions come from a combination of advisers. The appetite for working together has increased, which is how it should be.

Adshead Our customers focus on sustainability and we think that's important. Nationally we have acquired a niche player in that sector to help our clients with their needs.

Holland I think entrepreneurs tend to have a trusted adviser who is a solution provider and works across all relationships with professional services firms. This is the person that will have the ear of an entrepreneur.

Baldwin If you have three or four professional services firms working together; it allows you to see what everyone is doing. If you are not up to the mark, you will be found out and that is how a team should work.

Johnston We are doing more work with our competitors than I can ever remember.

In attendance

DOMINIC BALDWIN, Xentum

DAVID EDWARDS, Handelsbanken

KEITH JOHNSTON, Addleshaw Goddard

IMRAN HAKIM, Mikah Eyewear; iteddy.co.uk

SIMON BATE, Ask Developments

DAVID MEIR, Eddie Stobart

DAVID ROTHBURN, Quilter

CHRISTINE ADSHEAD, PricewaterhouseCoopers

IAN HUDSON, Psycuity; Hudson Hill Consulting

DAVID HOLLAND, Grant Thornton