

the source

bulletin three

summer2007

venture capital: asset strippers or entrepreneurs' dream?

reportage from HR forum in may

Sue LaVerne, HR Director at Adams Childrenswear Ltd gave the keynote presentation at the tenth HR Forum, held at the IoD, and opened up a whole hornets' nest while discussing the topic of 'Venture capitalists'.

As private equity firms continue in the ascendant and more British companies are being targeted for takeover, a new and very real challenge is being laid at HR Directors' doors.

Sue posed the main HR question 'does making a fast buck get in the way of caring for employees?' Her conclusion was certainly not clearcut, however, Sue offered some advice for other HR Directors facing a VC backed future, "VC is what it is and it's not wrong, it's just very different to our traditional HR training and as such needs to be managed very differently"

ResourceBank



Sue LaVerne



ResourceBank launched Wyevale Garden Centres brand new Resourcing Centre in January this year following a buyout by private firm, The Bauger Group.

A dedicated team of five based at ResourceBank's Henley on Thames office, is recruiting nearly 600 staff for Wyevale in 2007 – from store managers and operations managers through to customer service advisors and catering staff.

Using cutting edge technology, ResourceBank has created a bespoke 'Talent Screen' system to search and select recruits for Wyevale. Already its database tops 5000 individuals, with 80% of applicants completing the 'talent screen' tests. Jane Burton, the Wyevale Resourcing Centre Manager commented "this is a highly efficient system built to maximise results and the Resourcing Centre is an extension of the Wyevale business. Currently we place one person in every two interviewed and we can fill 96% of vacancies within six weeks."

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reportage *continued*



The topic prompted lively debate among RBR's guests which included HR Directors from Transport for London, The Arcadia Group, Sainsbury's and Lloyds TSB.

Julie Boyd from Listers Group commented "Non VC backed, privately owned companies can be just as black and white about HR, demanding RoI, with a focus on hard numbers. Sales and financial justification are king and HR has to show it can add value to the business."

Richard Ayres, from Bucks County Council said "these conflicts are reality in many organisations and most certainly in the public sector, where we experience different leadership and a new 'board' every couple of years as politicians change. In the end it must be a given that every pound spent should provide the best value for money regardless of the organisations' ownership."

some facts

Private equity firms contribute to employment levels in UK – staff levels 8% higher than FTSE companies.

Venture capital backed companies boost UK economy – sales rise 2% higher than FTSE companies.

VC companies employ equivalent of 19% of the UK private sector staff – 2.8 million people



Dinner and discussion at the HR Forum

Nigel Toon:
Allied Milling and
Baking Group with
Brian Fyfe: Flagship Training

thebigdebate

private equity: good or bad for HR?

A hot topic, as stalwarts such as Sainsbury's, Boots and even BA are attracting the interest of private equity firms. Sue LaVerne, HR Director Adams Childrenswear Ltd, shared her own recent experiences at the hands of venture capitalists.

"For a childrenswear employer, with a majority of female staff, with a long service record, based in a secondary town, **the motivation towards hard cash was inevitably going to cause conflict**" said Sue. Highly valued staff benefits such as part time working, maternity leave, childcare vouchers and discounts were challenged by

the new owners. More interested in short-term timelines and ROI, the new board found these long-established staff incentives hard to understand and Sue found herself battling to retain these key benefits for the company's 4,500 employees.

Sue had to develop a new set of skills to respond to the new challenges facing HR – in addition to negotiation and change management skills Sue acquired a huge financial knowledge in order to justify key HR value, costs and benefits as demanded by her board. "You have to pick your battles. **That means justify investment but don't be ruled by it entirely.**"

The other major area Sue discovered "to add credibility and value to support my HR arguments I learned the value of having very strong external partnerships". With a small HR team, Adams had built trusted relationships with key suppliers including ResourceBank, Listers and Pinsent Masons, their legal advisors. "**Don't do the things you're not good at**" said Sue. These supporting partnerships enabled Sue to focus on the all

- Dealing with increased pressure placed on staff to achieve higher returns while confidence and morale is at a low point.
- The short termist approach which inevitably leads to restructuring, cost cutting and redundancies. Change management skills must be in the HR directors arsenal.
- VC boards run by accountants with little interest in culture, vision or shared ownership.

important strategic board issues.

In February this year, the company was finally sold to a private buyer, the venture capitalists vanished without a trace and Sue is now rebuilding confidence in Adams and the original optimistic culture is returning. Lessons learned, Sue concludes that she should have stuck firmly to her lifelong motto 'hope for success, plan for failure'.

Sue LaVerne concluded "The VC model works better in a growth situation rather than in a downturn. If I worked for another VC backed company I'd go in with my eyes wide open. Don't justify everything on a ROI basis, some things just cannot be measured in numbers and you can lose sight of the important emotional and human elements of the whole process. Sometimes you have to fight back and do the right thing".





from left to right: Sarah Crocker, Martin Gisbourne, Tony Twohig, Kevin Lawson, Chris Nunn, Alistair Vearonelly, Brian Blanchard, Phil Herbert, Sarah Hopkins, (front, seated) Claire Silvester and Charlotte Todd.

Aliaxis

Based at ResourceBank's Telford HQ, the ARC team of five is responsible for recruiting 80% of roles across the UK group including marketing, engineering, sales and manufacturing staff. Claire Silvester, HR manager at Aliaxis commented "The people agenda is critical to our business in attracting and retaining high calibre staff. The ARC will raise the profile of Aliaxis as an employer of choice in the marketplace and it will increase our efficiency while saving recruitment costs."

centralising recruitment

ResourceBank has launched ARC – the Aliaxis Resourcing Centre – to centralise recruitment services across the UK companies of this global group.

Suppliers to the industrial, building and trade markets, Aliaxis comprises eight companies including Marley Plumbing and Drainage, Hunter Plastics and Durapipe. Worldwide the Aliaxis group employs 12,000 staff across 40 countries.

other news

the future's bright...

Richard Pearson, ResourceBank MD, was delighted to be invited onto the judging panel for the National Business Awards sponsored by Orange. Richard helped to judge for the 'Business Innovation of The Year' Award and the 'City & Guilds Employer of the Year' Award for the Midlands & East of England regions. The awards will be presented at a Gala Dinner on 4th July.

expansion

Having reached capacity at RBR House, our Telford HQ, we've now managed to acquire the building next door to fuel our continued growth. Following a frantic weekend urging builders to knock down walls we've managed to double our office space and can more happily house our burgeoning teams of recruitment professionals. Happy staff means happy clients!

race for life

Thanks to all our clients who supported us and helped to raise a grand total of £1288. The Race for Life, which supports Cancer Research, was held on Saturday 19th May at Telford Town Park and our very own Sarah Hopkins came 4th!

nextforum

The next HR forum will be featuring 'employee engagement' and will be held on 1st November at Mallory Court Hotel, Leamington Spa.

ResourceBank

outsourced recruitment solutions

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