

Business & Management  
June 2019.

COVER STORY

## The businesses too big to fail

**The collapse of Carillion in January 2018 marked the largest construction bankruptcy in British history. Pádraig Floyd looks at what went wrong and what other businesses can do to prevent being caught in its wake.**

The outsourcing giant, perhaps due to the importance of its contracts and the size of its revenues, had been considered too big to fail. In reality, its model was unsustainable. However, Carillion's influence in some of the most politically sensitive funding projects - schools, hospitals and more - meant that the warning signs, which had been visible for some time,

were not readily acknowledged. When the government began to intervene, seeking to mitigate the impact, a lack of insight led to the catastrophic collapse, with compulsory liquidation ensuing.

Businesses should treat all debtors the same, regardless of the size of the company that they're dealing with. Small businesses in particular should not fear losing a customer by demanding payments. Another alternative is to take out insurance to protect against a major client going bust. Ultimately, information - including local knowledge - is a critical tool in managing risk. Risk management must operate across the organisation, not simply within finance.

### A quick guide to the best of faculty output in print and online

#### DON'T MAKE YOURSELF TOO COMFORTABLE

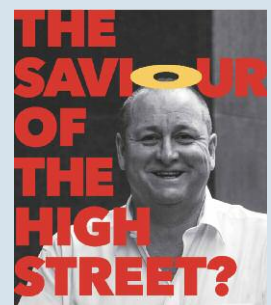
Nick Pye, author and entrepreneur, discusses the dangers of businesses staying in their comfort zone and explains why teams should instead aim for the 'STRETCH' zone.



Are issues and conflict avoided? Do senses of self-satisfaction and risk aversion pervade? These are signs of a comfortable business, in need of clarity in its direction, backed up by brave decision-making. Those who are looking to grow will focus on using performance metrics to learn and improve. These high-performers push themselves, achieving more by doing more. Comfort is a finely balanced state, not a way to run a business.  
*Business & Management, July/August 2019*

#### DO WE NEED MORE MIKE ASHLEYS?

Can self-made businessman Mike Ashley - the man behind Sports Direct - save the high street? David Craik explores why other retailers aren't following his turnaround vision for UK retail.



The recent woes of Debenhams encapsulate two of the biggest themes in retail today: the decline of the traditional high street, and the acquisition strategy of Mike Ashley. Retail analysts single out his ability to acquire cut-price assets that he then uses to his trading advantage. In some cases, he is buying brands which have strong reputations in their field, even if their financial performance was poor. Other retailers are more cautious.  
*Business & Management, June 2019*

COVER STORY

# Who will care for social care?

Peter Taylor-Whiffen looks at how care providers can turn a profit - and help safeguard vulnerable residents. He also reflects on the Southern Cross collapse.

## THE UK'S CARE HOME LANDSCAPE BY NUMBERS



**400,000**  
residents



**11,300**  
homes



**5,500**  
different  
providers



**41%**  
of residents  
are self-funded



**400**  
home  
closures in  
the past five  
years



**49%**  
of residents  
receive local  
authority  
funding

In the past five years, 400 care homes have closed. The financial challenges of running such businesses came into sharper focus in April 2019 when Four Seasons Healthcare - responsible for over 300 homes across the UK - entered administration. The question is raised as to whether adult social care can be financed more effectively.

Because of the ageing demographic, more residents do not merely require traditional care - they need nursing homes. Yet huge cost disparities, as well as fluctuation and restriction in council spending, often make it impossible for providers to maintain a sustainable business model.

High-quality local oversight is needed to imbue in providers a healthy and caring company culture - and therefore smaller businesses may be better suited.



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### B&M - JULY/AUGUST CHANGING OUR WAYS

Climate change is now higher up on the political agenda, but what does this mean for accountants and businesses? Rachel Underhill, ICAEW, explains the impact of going green.

### ROOM TO EXPAND

Nick Pollit explores how businesses can effectively manage rapid growth. His practical steps help to ensure your business stays in control with a positive mindset.

### IT'S ALL IN THE EXECUTION

Following the recent roundtable on strategy execution, Rick Payne, ICAEW, takes a look at the underlying key concerns for CFOs, as well as ideas around ways to solve these issues.

### OVERCOMING WEAK UK GROWTH

As UK business growth falters in the shadow of Brexit-related uncertainty, senior economist at Deloitte, Debapratim De, outlines the reasons why it might subsequently bounce back.

### FUNDAMENTALS OF FUNDING

Jon Scopes details the three key lessons learned at an SME funding masterclass run by the Northern Powerhouse Investment Fund and ICAEW, and he includes a pointer to further guidance.

### BUILDING FOR THE FUTURE

Peter Mandich of the Audit and Assurance Faculty looks at how construction firms can lay strong foundations to improve financial accountability, from tender to completion.

### MARKETING'S HAPPY RETURNS: MADE TO MEASURE

Tim Lennard investigates what businesses can do to ensure return on their marketing investment. Impact can be measured by tracing the digital footprint left by activities and responses.

We have seen advertising moving substantially from print, TV and radio to digital content placed with online publishers seeking a click response. Artificial intelligence and big data techniques are now used to identify target

segments. Business-to-business marketers analyse IP addresses. New technology makes it possible to measure to the point where we have lots of data, but whether marketing is working well can remain unclear unless the data has context.

*Business & Management, July/August 2019*



## *There's no place like home*



**Simon Creasey considers the alternative solutions rivalling traditional housing models to meet the needs of a growing UK population - including an innovative modular concept.**

While housebuilders have been strengthening their financial performance this year, there has been a significant drop in new buyer inquiries. Consequently, both new technologies and financing options are being employed in order to address the housing shortage.

A number of firms are delivering modular homes as a solution - customisable homes created in factories before on-site construction, representing a more efficient process. A key benefit of this method is the speed at which properties can be completed, given that the imbalance between supply and demand is urgently becoming critical.

Meanwhile, estate developers have also been embracing the build-to-rent model. This is an attractive sector at a time when home ownership is becoming less achievable, particularly as it is more resilient to economic cycles.  
*Business & Management, June 2019*

### **B&M - JUNE TALKING SENSE**

Some fail to grab their audience, while others can't face the task at all. TED talk contributors Graham Shaw and Lindsay Maclean discuss overcoming the barriers to presenting.

### **DESIGNED FOR THE LONG TERM**

Jonathan Labrey, chief strategy officer of the International Integrated Reporting Council, explains why integrated reporting is an antidote to climate change.

### **OUR TOP 10 ARTICLES**

These are the most popular articles on the faculty website since the start of the year. You can read them at [icaew.com/bamtophits](http://icaew.com/bamtophits)

1. 2018 salary guide (February)
2. Habits of the successful CFO (January)
3. Special report: Managing people (April)
4. Do public speaking better (June)
5. How to balance work and personal lives (May)
6. The secrets to a successful CV (March)
7. How to manage rapid growth (August)
8. Key concerns for CFOs (August)
9. Make your business agile (May)
10. The art of delegation (January)

### **GOING DIGITAL: FITNESS TRAINING**

In the coming digital future, AI and machine learning will be at the heart of change. Finance is set to play a leading role in this transformation, as leaders benefit from having insight into all aspects of a business.

At a professional development session hosted by ICAEW, speakers noted that, while limbering up for AI is essential, a business cannot run before it can walk. Cultural change and people should come first in a digital strategy. Data governance and standardisation are central, with a need for gradual implementation.

A primary aim throughout should be improving workforce productivity. Issues about skills and redundancy are relevant; but an effective HR process will recruit staff who can develop, learn new skills and be redeployed.  
*Business & Management, July/August 2019*

### **POWER POTENTIAL**

It was declared an economy to watch in 2013. But how has Nigeria developed on the world stage? The fact file's infographics indicate how the UK can learn from Nigeria's growth.

### **MAKING MEETINGS BETTER**

Matthew Leitch examines five of the most common and important challenges when steering business meetings in times of uncertainty and risk, focusing on how to conduct sessions well.

### **MANAGING CHANGE**

In December, the faculty will publish a special report on 'Managing change'.

## Faculty events and webinars 2019

Please visit [icaew.com/bamevents](http://icaew.com/bamevents) for bookings

FACULTY EVENT	19 September at 18:30  FREE for BAM members	<b>Game of Zones - Managing virtual teams</b> Bradley Honnor, founder of Global Eloquence, uses the HUMAN model to highlight the psychology behind virtual team management, and reveals how to navigate the challenges of global leadership.
ONE-HOUR WEBINAR	9 October at 10:00  FREE for BAM members	<b>Conflict resolution</b> The ideal solution is the one that works best for both parties and achieves an agreed, workable outcome. The aim of this webinar is to introduce you to practical conflict resolution techniques and strategies to help you effectively manage conflict when it arises.
FACULTY EVENT	15 October at 17:30  FREE for BAM members	<b>Acting in the public interest: accounting for the vulnerable</b> In this year's PD Leake Lecture, Prof John Burns and Dr Stephen Jollands explore how the accounting profession can rise to the challenges of accounting for the vulnerable, and help with some of society's biggest issues.
20-MINUTE LUNCH WEBINAR	16 October at 12:30  FREE for BAM members	<b>Five key questions all boards should ask about fraud</b> Fraud is a major threat to all businesses. Board-level support is a critical component of establishing and monitoring effective fraud defences. Learn what the board can do to support its fraud team and the key questions it should ask.
ONE-HOUR WEBINAR	21 October at 10:00  FREE for BAM members	<b>Why you need more than technical skills to achieve business success, and what really makes the difference</b> Understand the key strategic skills that will make a difference to the success of a business and an individual's career progression, and how to evaluate scenarios where these skills matter.
20-MINUTE LUNCH WEBINAR	6 November at 12:30  FREE for BAM members	<b>Top tips on powerful presentations</b> In this webinar, Lindsay Maclean will share some top tips on what makes people sit up and listen to you when you are presenting. She will share ideas on how you can be memorable and in control of the impact you make.
10-MINUTE LUNCH WEBINAR	11 November at 12:30  FREE for BAM members	<b>Networking for serious thinkers</b> Nothing beats meeting people face-to-face for building professional relationships. There are simple things that anyone can do to make their time investment both enjoyable and mutually rewarding. Learn some useful tips from Siobhan Soraghan.



***'Very useful - both the short lunchtime series and longer ones. I like being able to listen to the recordings later too.'***

Feedback from participant

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If you have any questions on this briefing or any faculty matters, please contact:

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