



## WHEALE · THOMAS · HODGINS · PLC

### Executive Resourcing

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## Market Update – June 2009

### Very rewarding



With MPs' expenses in the spotlight and executive bonuses and reward never far from the headlines, it is time for a new approach to executive remuneration. Add to this the fact that in 2010 the Government's 50% income tax rate comes in, along with changes to Pensions and National Insurance for higher earners. The perk of company cars was dreamed up to get round the 1970s pay freeze; payment in gold bars and fine wine got round 1980s tax thresholds. So now must be the time to get creative on how to reward Directors and Senior Managers without upsetting shareholders or the taxman.

"Basing reward on paying senior executives more is old hat," says WTH's Managing Director Adrian Wheale. "We are advising our clients on much broader ways to incentivise Directors – techniques that not only motivate but also are in the long-term interests of the business." To hear our latest thinking in pay and reward contact Adrian Wheale on 0117 927 2311.

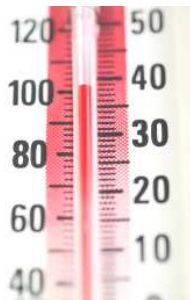
### Silver lining



Could the worst of the recession be behind us? Certainly at WTH we see that times are still tough but entrepreneurs canny enough not to have leveraged their businesses to the hilt are recruiting and riding out the recession well. The latest surveys from the EEF, CBI and the Purchasing Managers' Index all show that the pace of decline in output for manufacturing firms has slowed markedly with what looks like an end to destocking.

However, with such huge amounts of public debt and expected severe cuts in public spending from 2010 onwards, recovery is going to be slow and there could be another downturn before a rising trend returns. The other big unknown is when bank lending to business will pick up. The May Bank of England survey showed net lending to business remains weak. Until bank restructuring leads to the development of a new model for balancing risk and return, corporate lending will remain muted and the prospects for a general recovery are still a way off.

### Too hot to handle



You must have heard the cheery news from the Met Office – the long range forecast predicts that the UK is "odds on for a barbecue summer". Whilst this is great news for us all when we're not at work, it can cause problems for employers when workplaces get too hot. In a recent TUC survey 94% of respondents said their workplaces had been too hot to work in last summer (and that was a relatively cool one) and 42% said they regularly worked in unbearably hot conditions.

The TUC says that it is generally accepted that people work best between 16 and 24°C. So if the weathermen are right, it must be time to invest in companies that hire out air conditioning equipment.



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### Great time for entrepreneurs?



Every cloud has a silver lining and this recession is no exception with entrepreneurs taking the opportunity to start new businesses. Some media reports are highlighting that people are using their redundancy money to start up their dream business but do they really have what it takes to make a success of a business? Latest research, commissioned by O2, showed that 80% of the 500 business owners surveyed believed their success could be put down to personal traits.

Some 60% of company founders had launched their first business by the age of 30 and most possess 'obsessive optimism' and a resilience to failure and setbacks. Finally, the report concluded, most have the urge to become self-employed from childhood. Such a trait was cited by 48% of respondents with the study using Sir Alan Sugar, who first got involved in business aged 12, as an example. So if a budding entrepreneur has these traits then now could be a great time for them to get started but if they are just having a go because they can't find a job it could be a painful lesson in how to spend that pay-off all too quickly.

### Recruitment market



Previous recessions saw a massive downturn in recruitment but so far WTH is finding that recruitment and headhunting at the middle to upper end where we work is continuing albeit not at a fast pace. There has been a huge increase in the supply of quality candidates so we can move from project brief to shortlist stage very quickly as there is a ready supply of high calibre people who can add real value to the businesses they join.

The demand side is fragile but more hopeful. Although it is too soon for us to expect a major upturn in vacancies, the signs from our clients are that they hope to be expanding and recruiting again in the last quarter of 2009.

Our Care sector recruitment is particularly buoyant with Private Equity investing in selected parts of the sector and our team bringing in new talent to drive the growth of our clients. To find out more about this thriving sector contact our Director of Healthcare, Adam Carter on 0117 927 2311.

For a discussion about any issues surrounding recruiting and retaining the best people, contact:

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