



## WHEALE · THOMAS · HODGINS · PLC

### Executive Resourcing

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## Market Update – October 2006

### UK Economy

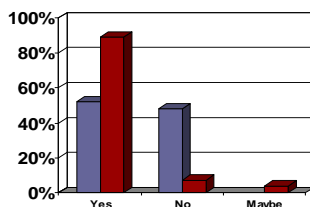


costs.

The roller coaster of energy prices continues to make predicting the economic outlook challenging. However, the pundits are increasingly betting on an interest rate rise before the end of 2006 to dampen inflationary pressures. Looking ahead, inflation is projected to ease back during 2007 following an above-target peak this winter caused by rising food and energy

A clutch of recent company results reveal that activity is down on forecast levels. Overall economic activity is slowing but Sod's Law not in the right areas to affect interest rates. Still, the London Stock Exchange has continued strongly with a bumper crop of IPOs, so let's hope those companies can fulfil their investors' expectations.

### Survey



start-ups.

Thanks to the many Market Update readers who completed the client survey we sent out in June. The survey showed that 35% of current clients did not know the full range of services WTH offers. We are keen to make sure potential and existing clients know our full capabilities so expect to hear more from us in the coming months about all our services – from recruiting Directors to building teams for

### Non Executive Directors – hiding our light under a bushel



experience.

Recruitment Consultants are not known for their modesty but one area where the WTH light has been hiding under a bushel is in sourcing Non Executive Directors (NEDs). There are often good reasons why we keep these delicate relationships confidential. However, WTH is particularly good at matching the needs of small-medium sized enterprises with candidates who have realisation

There are many reasons for recruiting a NED; from compliance with regulations for listed companies, to dressing the business for sale or float, providing a strategic overview of the business or keeping a particularly dominant interest group or person in check.

If you are looking for a cost/benefit analysis, the £12k+ salary to a successful Director with hands-on experience for on-going commitment is excellent value for money especially when compared to consultancy fees.



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NEDs bring corporate governance or audit and remuneration committee stewardship, or even pension trusteeship. However critical these 'hygiene factors' are, it's the commercial value where they really benefit your business, i.e. real insight into supply-chain, distribution channel, capital markets and share holder value and the strategic objectivity NEDs provide for the Board. This capability adds value, not just strategically, but to the P&L and Balance Sheet.

The value is only seen when you recruit a NED with the right profile, skill set and personality. All too often NEDs are brought in on the basis of word of mouth and the old boy/girl network. Given the focus on NEDs with Higgs, Cadbury and Greenbury, expectations of such appointments are great and the professionalism applied to an Executive appointment should also be harnessed to hire a NED.

It is fair to say that WTH has a better insight into and knowledge of the South West and West Country Director base than anyone else after being in business here for 16 years. It is this reach and contact base, coupled with an in-depth understanding of Boards, Corporate Governance and business models, that allows us to provide a unique service. Our competitors are specifically geared to the FTSE 250, not a population particularly well represented in the region. We understand SMEs, owner-proprietary businesses and the world of Venture Capital/Private Equity. As an ex 3i investment ourselves, we understand VCs expectations and their impact. We also understand how the City works and their expectation of Boards. We actually and avidly help VCs in the due diligence process when deals are going on. The NEDs we source provide invaluable expertise at these crucial times and the right NEDs are a currency in themselves.

### Recruitment Market



For us the recruitment market did not have its usual dip over the summer and WTH continues to be busy during the autumn. We have doubled the size of our Healthcare division in recent months reflecting the increasing corporatisation of the sector.

WTH's busy summer has been contrary to economic indicators. Looking for a trend behind this activity shows that, although each role has been critical to the client, the only generic ingredient has been that they have put off the recruitment decision until growth, cost or strategic reasons have made recruitment imperative. That several clients reached this point simultaneously is more coincidence than trend.

There continues to be a surplus of candidates at the £60k+ end of the market. The reverse is true of the £30k to £40k market with a real shortage of talented recently qualified Accountants, Marketeers and proactive Sales/National Account Executives. By definition this means that the normal client-led bias at the senior end and candidate driven focus for recruiters at the lower end is being further exacerbated by these imbalances. Premiums continue to be paid for scarce skills.