

FLIGHT PLAN



Introduction

Flightplan was conceived by AngelNews and its partners in spring 2006 to provide a no-nonsense guide with the answers to all the key questions asked by both entrepreneurs and their investors. It takes a unique format, where each preferred partner provides written response that delivers their own expert knowledge on the issue in hand.

The first seven editions of Flightplan, which can be downloaded from www.angelnews.co.uk covered a wide variety of topics starting with “what is my business worth?” This month our Preferred Partners, and guest contributor Richard Adams at Inner Physique, will be answering the question “What should my managers be managing?” Gabriel, as always, will give his punchy views on the subject whilst our Preferred Partners will be answering in the context of the soft skills essential to business success, optimising your board and what they can do for you, your staff exposure to stress, a company’s legal obligations whilst doing business, your company policies about what your staff can and cannot do in the office, your IT and communications business tools, your patent portfolio and other intellectual property as you grow and your personal liability.

Enjoy this Eighth chapter of Flightplan – we hope it helps you as you plan, launch, fly and land your business.

Modwana Lee-Mogg

Editor, AngelNews

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What should my managers be managing?

According to Gabriel

OK, its now time to tell you some important news about me. It does have a bearing and you will see why in a moment.

I have been asked by Mr Gordon Brown to advise him as part of his government of all the talents. Yup, I am joining that select band of non Labour party supporters who have seen that supporting business is more than about being partisan. I was particularly pleased to have been asked as the Small Business Task Force has not chosen to seek my views to date – more fool them. In particular, I will be advising the Business Council for Britain. My role will be behind the scenes. As you know I like it that way. It's how I deal with my investee companies and even how I deal with the team at AngelNews. I am not about seeking fame and glory for myself, you can have that. What interests me is making money for myself, you and the UK economy – in that order.

Anyway I am going to be kept pretty busy with my new role so it makes it even more important that you work out how you are going to manage me. I have only one request. Keep managing me, but manage me more efficiently – that means regular reports to me and giving me plenty of notice, if possible, if you need to see me. Remember this because if you use my new role as an excuse for ignoring me, you will only find that I or my heavies (yes I know that is what you call my venture team) will be on your back faster than you can say Facebook.

Now when it comes to what your managers should be managing you know that what I care about most of all is how the team is performing and that means everyone from Maria, the cleaner, and up (and yes I do know Maria – do you?). Have you asked any of them recently what they think about how things are going? Where is that suggestion box I put by the front door? I noticed that it was missing last time I popped in. Seriously, do you have some square pegs in round holes? Have you considered whether shifting roles and responsibilities around the team will squeeze out some more efficiencies which will put more cash into my pocket one day? We need to get a better at managing the atmosphere in the office. Everyone is a bit over excited at the moment – happy is good, hysterical is not.

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According to Gabriel

I saw that Alan has taken up smoking again - bad sign. He has always been a bell weather for the team's mood. Someone told me that you can now be sued by your staff for not taking measures to manage employee stress. Check out our own cover with the insurers on this, can you?

You must grow up, you know. Have a think about what you need to put on a formal footing. Business is about contracts. Yes, I know verbal contracts are valid, but sight of a nice signed paper contract always gives me a warm buzzy feeling. Catch my drift? No more customers who have not signed up to our standard terms and conditions, no more home working without a clear set of guidelines, no more surprise invoices from those web people "just because, well, we needed the site to look better and we could not afford to wait." You can always afford to wait. I come from the old school – my mum counted the pennies in and counted them out when I was a child and she did not have Sage or QuickBooks or an accountant working 15 hours a week. By the way, did I tell you I met a bloke the other day who said his brother spent FIVE YEARS saving up for a Swiss army pen knife, when he was a kid? Surprise, surprise he is now a reimbursement director for a drug company.

Talking of money – how is that cash flow management going? The auditors of the quoted company, where I am a non exec, are always banging on about having sufficient working capital for the next 12 months. I know we look at a three month horizon, but one day this will need to move to 12 months, so start preparing now. And how is the VC fundraising going? I still think we should do a rights issue as the shareholders are friendly at the moment, but I suppose you know best. By the way that fund manager hasn't called me yet – this must be a bad sign.

I noticed in the management accounts that overseas turnover is growing – could you check out that this does not mean we are going to breach the terms of the Enterprise Investment Scheme. I don't fancy having a row with HMRC about the money I must pay them because your EIS status has been withdrawn. Give me plenty of notice if you think it is and work out what you might be able to do to compensate me.

What should my managers be managing?

According to Gabriel

What are you hearing in the market? Is there any gossip on that upstart competitor and has Andrew approached you again about selling out to us?

Include a paragraph or two on the market in all future management reports from now on. People now know that I am associated with you and poking fun at me about how a David like you can take on the Goliaths. No-one yet believes my defence that we have already had an offer from two US companies, so I need something else. Give me some ammunition or your formal PR efforts will turn to dust. As I bore myself saying – continuing to get your communications strategy right (admittedly you have done OK so far) is not just necessary – it is essential – word on the street is that the FTSE100s now have 2 PR conferences a day when the press is after them. I am not asking for that from you, but how are we doing against that neat plan we paid the PR company to do for us?

Down to the really big issue. This digital convergence lark – I think we now really have our heads around it. I liked the analysis you did and it makes sense that we should go with one supplier for our IT and telecoms. Can you action that, please? Also would you mind if I shared the report with one of my other investees. I think they could learn from it. And give Sue a small present – she worked really hard on the report and I want to acknowledge it.

Also, about the office move, it's just a thought, but if we get the staff to work more from home, we can take less of that cheaper space a bit further out. (it's cynical but its better positioning than telling them it will take them an extra half an hour to get to work in the morning; and we will save a fortune if we can take less space at the new site). You were right about the customer facing meetings. They won't want to use the railway to get to us. I think we should hire space by the hour from that new centre in the City for our London meetings. I know there are logistics issues, but my back of the envelope calculation suggests we will save up to 25% on overheads if we re-jig things a bit and that will pay for the development work on the new model.

I must be off, now. You may think you have problems keeping things under control. Guess how it feels to be running two houses, a flat, a yacht, a wife, an ex wife, the rest of the family and a load of feisty entrepreneurs.

Maybe, just maybe, it was easier all those years ago when I had just one home (rented), one wife and one small start-up business.

What should my managers be managing?

The soft skills essential to business success

Dermot Hill, Intramezzo

Effective management is the key ingredient for every successful venture. without the right people and making the right decisions, few if any of the potential outcomes will be achieved!

It is often said that a good management team can make a successful business out of mediocre products; a poor management team, despite good products and IP, can only too quickly destroy the prospects for a successful venture! People therefore really do form the epicentre of each successful business.

Every business has a set of "defining factors". These include: competition and legislation, money supply and international business environment, as well as other tangible issues such as technology. Each and every one of these factors can provide a defining influence on the success of a business. It is, however, the management's responsibility to weigh and balance these factors so that the risks are countered or capitalised on by effective measures.

An effective plan involves a successful business strategy which assesses each of these factors and contributes to the development of the most appropriate business models. Alongside this, the resourcing, which is increasingly global, delivers differentiated and compelling propositions.

In contrast, there is an additional range of intangible elements of a business which is centred around people and people skills. This attention to the 'soft' elements of a business frequently receives tacit lip service. And yet, from Intramezzo's knowledge and experience of some of the UK's top managers, the soft issues represent an iceberg on the business landscape: 20% can be seen but the intuitive are aware of the other 80% of unseen factors which vary from company to company. Effective reading of the soft elements in a business differentiates the manager who can get the right tasks done sooner. (They also differentiate a successful recruitment project!)

What should my managers be managing?

Experience does count for a great deal in this area as the messaging inputs are complex. The soft issues contribute to the culture of a business and the culture of a business is its persona which defines how actions are completed, for instance, on time to a high standard or conversely late to a poor standard.

An Intramezzo definition on this important area is as follows:

The culture within a business is an amalgam of the traits of the senior managers which in turn are reflected by the employees' own personal qualities. Culture is influenced by all human factors within an organisation, e.g. remuneration, intellect, experience, confidence and market.

Organisations can typically be divided into two types: **permission-based** requiring everyone to seek approval before any action is undertaken and **forgiveness-based** providing greater freedom to act on individual initiative. These two styles of operation reflect the culture of an organisation and are determined by the senior managers and ultimately the board, CEO or one of the other directors.

In today's dynamic and fast-moving business environment, the forgiveness-based management style relieves the manager from getting involved in many low level decisions. In reality, some decisions should be based on policy to ensure that everyone acts in a uniform way – it is in this area where exceptions are required that a forgiveness-based organisation will incorporate the traits of the permission-based management style.

Managers at all levels must be clear about the decision-making powers that they divest and delegate downwards. The defining factors referred to provide the influence needed in each of the areas to ensure that the actions are effective.

Other areas for effective management include:

'executive bandwidth': not enough means that important aspects go unaddressed – too much and the organisation becomes top heavy and cost inefficient.

'resourcing' and talent gaps' need to be identified: not having the right management team profile can significantly impact on the fundability of a venture!

The soft skills essential to business success

What should my managers be managing?

The soft skills essential to business success

'innovation' and the opportunity for anyone in the organisation to come forward: a lively and innovative environment reveals new ways of delivering new products, new services and new processes.

...cracks in a polar ice cap, from any direction at any time, impact on the responsiveness of an organisation to a challenge and thus directly challenges an organisation's culture.

Approaches to creating an effective culture apply to the smallest business organisations as well as the very large. In smaller businesses the ability to change is greater and therefore they can be more responsive and open to experimentation.

'first impressions' are important and these are driven by every form of visual and audible input. For instance where a company has traditional formal dress codes, at first glance the rule 'what you see is what you get' is applied. Where less formal dress code applies, be prepared for surprises – good and bad!

In 'reading' these various inputs it is possible to learn a good deal about an organisation and how it operates. This 'reading' will provide confirmation or a contradiction to an organisation's culture.

All of these soft and intangible inputs go toward creating an organisation's culture. It is this culture which determines a match to a person's 'fit' to an organisation (irrespective of the level of the appointment and the recruiters) and selecting executives ignore this at their peril. Often senior executives are brought in to make the changes and much of what they have to achieve is a change in the culture. Companies pay, and pay well, for executive performance which demonstrates success in repeatedly delivering performance through people.

Today's top managers are recognised for doing an exceptional job in managing each and every one of these hard and soft factors. Management reputations are built by taking in this complex set of inputs and making the right deductions and building the most appropriate plan.

What should my managers be managing?

The soft skills essential to business success

In summary to 'What should my managers be managing?' the answers are varied, but the honed eye of the experienced executive adapts to the commercial circumstances at the time. Many executives overlook the iceberg effect of the soft and cultural issues at their peril.

The experienced executive with a track record in building one successful venture after another is one of an enlightened community which appreciates how to involve the 'defining factors' with the soft and intangible attributes, rapidly identifying talent gaps and addressing the need for executive bandwidth to meet and beat the challenges of a rapidly changing and globalising market.

Intramezzo works with companies who have identified the management challenges and need to fill the talent gaps (typically in less than 14 days).

To find out more about the soft skills essential to business success, please contact Dermot Hill at Intramezzo, email: dhill@intramezzo.co.uk

What should my managers be managing?

Optimising your board and what they can do for you

Claire Maloney, Capital MS&L

Crisis, what crisis?

Life for many small, privately financed companies is littered with crises.

Commonplace events which are irritating or even damaging for larger businesses can be a matter of life and death for such companies.

In these situations, for many 'angel' companies, most crises ultimately relate to the availability or absence of cash.

What we're talking about here – some examples:

- The company has consistently exceeded its bank limits and now the bank has called in its overdraft (repayable on demand – but you forgot about that, didn't you?);
- A major customer has gone bust – owing the company a large amount of money for goods already delivered;
- A key member of the management team is unexpectedly incapacitated;
- A direct competitor halves its selling price – a sustainable move as it is owned by a large, profitable, multinational group.

Initial reaction – keep your head down and sort it out...

Your initial reaction will be that you have to sort it out – whatever the problem is...you're used to working on your own, dealing with issues... and this is no exception.

But remember that your Board is there for a reason.

What should my managers be managing?

Optimising your board and what they can do for you

With outside investment comes the requirement/desire for a properly constituted Board. In private companies the members of the Board are often related parties – that is, the investor(s) or representatives of the investors.

Their role is to help, to advise ... and to protect the shareholders' position. Their prior experience is most likely relevant. They will almost certainly possess a combination of the following characteristics: well connected; financially adept; pragmatic; risk takers; experienced.

Two key points follow on from this:

- The composition of your Board is important – there is no point in having people on the Board 'just to make up the numbers' or because they, as individuals, want to add another non executive position to their portfolios;
- Communication is vital – people can't help if they are operating in a vacuum.

What should the Board do?

The Board should expect and should receive regularly:

- Timely, accurate financial information;
- Regular concise, factual information on the key performance indicators within the business; and
- The views of upcoming and potential issues as seen by the CEO.

Regular meetings should add flesh to the bare bones of the written information.

If communication takes place on a regular basis then the Board can (and should) utilise its skills and experience in helping the CEO deal with whatever problem may be occurring.

Practical advice – to help the Board help you...

Keep your Board – and your bank manager – fully in the picture. Without proper communication the Board cannot really help.

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Optimising your board and what they can do for you

In addition, hearing about problems second hand or belatedly will only irritate and potentially turn a 'supporter' into another problem.

More brains looking at a problem will definitely help.

Sometimes a different face can be important when dealing with an unhappy bank manager, customer or supplier.

The previous experience and reputation of a non executive director can positively influence discussions which might otherwise have been very difficult.

Be prepared also for the fact that the Board may feel that:

- You have let the Board down – further financial help may be forthcoming but at a significant cost in terms of dilution etc;
- You are no longer the best person to run 'your' company; again additional financial investment may be predicated on your stepping down;
- Given the situation it needs to put in place the correct legal framework and paperwork leading to an administration.

Almost certainly, a lack of information is going to make the problem worse, not better. The Board is there to support you. Remember that the members of the Board will almost certainly have a significant investment in the company – financial and/or reputation. They are as keen for the business to succeed as you are.

Claire Maloney is an Associate Director at Capital MS&L

To find out more about optimizing your board and what they can do for you, please contact Claire Maloney at Capital MS&L
email: claire.maloney@capitalmsl.com

What should my managers be managing?

Your staff exposure to stress

Richard Adams, inner Physique

What is stress?

Stress is a normal, physiological reaction that occurs when we perceive a potential threat to either our mental or physical wellbeing and is often referred to as the *fight or flight syndrome*. When we undergo stress, signals are sent from a part of our brain called the hypothalamus to stimulate the increased production of various hormones which in turn stimulate further changes in our body:

- increased muscle tension
- increased eye dilation
- increased blood/oxygen flow
- increased brain alertness
- increased respiration
- reduced digestive activity
- increased immune response

This primes us for a short, intense burst of peak mental and physical activity in order to deal with the stressful situation, but it comes at a price. The immediate symptoms of undergoing this hyper-alert state (called the adaptive response state) are:

- Anger/aggression
- Frustration
- Fear
- Tiredness/lack of concentration
- Inability to cope
- Poor communication & teamwork
- Breakdown in trust
- Reduced commitment level

Additionally, our bodies are not designed to stay in the adaptive response state for long periods.

What should my managers be managing?

Your staff exposure to stress

If we enter it too often or remain in it for too long we may experience some or all of the following:

- heart attack
- stroke
- high blood pr
- high choleste
- stomach ulcer
- arthritis
- cancer
- diabetes
- mental health problems
- lowered immune respon
- increased weight
- osteoporosis

Managers should be aware therefore that stress is a *physiological reality* and should be on the alert for patterns of tell-tale symptoms of stress in order to take action where necessary.

What does the government say?

- Let's start with the research. These statistics come from the HSE (Health & Safety Executive) and can be found at their web site www.hse.gov.uk/stress:
- Over 500,000 people a year in Britain experience work-related stress that is making them ill
- There are 12.8 million lost working days due to work-related stress per year in Britain
- 1/3 of all sickness absence in Britain is caused by work-related stress
- The cost of sickness absence caused by work-related stress to the British economy is £3.7 billion per year
- Work-related stress is the UK's single largest cause of absenteeism
- There has been a 12-fold increase in successful litigation against employers for work-related stress
- Over 6,000 UK employers paid out an average of £51,000 damages for work-related stress in 2005
- Damages of over £800,000 awarded to work-related stress litigants

What should my managers be managing?

Your staff exposure to stress

The above research shows very clearly the high cost of stress in terms of lost productivity, potential damage to reputation and of course the human costs of reduced health and happiness.

Now let's look at the law itself. There are two primary pieces of legislation that cover work-related stress:

<p>The Management of Health and Safety at Work Regulations 1999 states that organisations must:</p> <p><i>Assess the risk of stress-related ill health arising from work activities</i></p>	<p>The Health and Safety at Work Act 1974 states that organizations must:</p> <p><i>Take measures to control that risk</i></p>
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These two legal statements are crucial foundation stones for determining your strategy for dealing with stress.

What should managers actually *do* about stress?

So what is the bottom line for managers?

1. Publish a Stress Policy

For a smaller organisation this may be part of a wider policy about wellbeing, but it should outline your commitment to managing stress, summarise employee's rights and responsibilities and provide contact details for employees to obtain help when undergoing stress.

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2. Provide basic training and information

Ideally this should be by face-to-face workshops but at the very least your team or department should have access to good quality online or printed information about what stress is, how to recognise it and how to deal with it.

3. Perform an audit of stressors and stress levels

This is a legal requirement. If you do not know where the stress is coming from or what levels are present then how can you mitigate it? This is an ongoing activity as patterns change over time. Information about how to audit stress levels can be downloaded from our web site or the HSE web site.

4. Take steps to reduce stress

This is a legal requirement. The correct actions will vary between organisations, departments or teams. Some examples are to change your processes, manage communication better, increase lighting or ventilation or reduce (or increase!) workloads.

5. Monitor and record your activities

This is a legal requirement. All activity must be recorded. Stress management is a moving target and you need to keep monitoring what you're doing to ensure it remains effective.

6. Manage your own stress

Lastly, make sure you are managing your *own* stress too. A stressed manager is less productive, less healthy and less happy and you owe it to you and your organisation to look after yourself. Not only that but a stressed manager can be the *cause* of stress in others, so less stressed managers will often engender less stress throughout the organisation!

Richard Adams is the MD of Inner Physique Ltd which provides innovative solutions to managing stress for organisations of all sizes in the UK. To find out more about your staff exposure to stress, please contact Richard Adams at Inner Physique Ltd, email: richard.adams@innerphysique.com.

What should my managers be managing?

Your legal obligations whilst doing business

Robert Haldane, Stephenson Harwood

Effective management is as much about organisation and setting priorities and in particular the art of effective delegation as anything else. In a small tightly run company, there may be no one to delegate to and the range and scale of the tasks facing the managers can appear overwhelming. There are as many responses to this as there are human psyches, but they include:

- compulsively trying to carry out every task to the fullest extent;
- trying to keep all balls in the air by flitting from one thing to another;
- concentrating on the tasks which interest them individually or suit their skills and reacting to crises in other fields.

None of these is an effective management system:

- those compulsively trying to keep on top of everything will fail to see the wood for the trees and exhaust themselves, draining their creative energy;
- the ball jugglers will do nothing in depth, even the fundamental tasks; and
- those who bury their heads in the sand and hope that the uncongenial jobs will go away may succeed for while in developing one strand of the business, but the developing crises in other areas will eventually overwhelm it.

It may appear at first sight that managing a young company is both a totally different proposition from managing a substantial company or group and also a less demanding one. Neither of these first impressions stands up to scrutiny and to approach the challenge of managing any company without examining the management tasks required and planning how to discharge them is not only a recipe for commercial underperformance, if not failure, but also potentially a breach of the directors' responsibilities at law.

Directors have long had a duty to act in good faith in the best interests of the company and that remains the law until the new directors' duties provisions of the Companies Act 2006 come into force on 1 October 2007.

What should my managers be managing?

Your legal obligations whilst doing business

After that time, although in theory the provisions are a codification of the existing law rather than an extension of it, the newly expressed duties, particularly that to promote the success of the company, will put greater focus on the acts (or omissions) of the directors. Provisions giving a statutory basis for derivative actions against directors also come into force in October 2007. The new provisions are summarised in the legal briefing by Stephenson Harwood 'The Companies Act 2006 – Directors' Duties and the new derivative action', which you can obtain by emailing robert.haldane@shlegal.com"

It is instructive to consider in concept the reporting and governance structures of a substantial company. These structures have developed in order to meet not only legal requirements but also the best principles of corporate governance, which in their turn, to complete the circle, have a way of becoming the norms by which the directors' discharge of their legal duties are judged. If you think of the management structure diagram of such a company, there will be boxes for its various business lines showing those responsible and leading up to the board. There will also be financial and administrative, regulatory and compliance functions similarly reporting to the board. The purpose of the overall structure is to ensure that the company is managed in compliance with the directors' obligations to its shareholders and others. Those obligations are fundamentally the same for all companies and the challenge for a company is to discharge them with limited resources.

Crucial to the effective exercise of control by a company's board is the reporting of the information required by it to make informed judgements as to its business opportunities and risks. This requires judgements by those responsible at all levels of the company's structure as what is of significance in relation to their area of responsibility to ensure that resources are deployed to best advantage and that opportunities and risks are identified.

Those judgements are required as much by a small as a large company and so it is clear that some form of management responsibility and risk/reward analysis is necessary for any company even if it cannot be reflected in a formal structure.

What should my managers be managing?

Your legal obligations whilst doing business

So how can a young company with limited financial and human resources achieve this? Here are some suggestions:

- identify what has to be done to ensure that you have the tools of control of your business, cost budgeting and revenue forecasting along with accurate financial records and availability of up to date information must be the starting point;
- you will probably have seen your business opportunities but also identify the threats and risks and how they can be mitigated whether by commercial measures or legal agreements;
- ensure that you are appropriately (not necessarily exhaustively) protected against legal and contractual risk;
- work out the arrangements between you and your business partner(s) at the outset and reflect them in the company structure or shareholders agreements to protect the business against the fallout of shareholder disputes;
- if you are taking on employees, make sure that you comply with the increasingly complex legislation and that you understand the obligations which you are taking on;
- ensure that you are aware of and comply with the legal and regulatory framework applicable to your business;
- apportion agreed responsibilities among the available managers and set up a system for reporting to the board;
- set up and maintain the discipline of board meetings and recording decisions, even if you are working daily together it sets aside time for concentrating on governance and corporate responsibility.

What will be appropriate will vary greatly between different companies, but to recognise the need for and develop a corporate responsibility structure which can grow with it from the earliest days will protect your business and be of inestimable benefit when you wish to attract investors or experienced directors.

To manage this with the resources at your disposal the keys are:

- risk analysis and proportionate response;
- make best use of your own managers;
- judicious use of professional advisers.

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Your legal obligations whilst doing business

Risk analysis is vital to using your resources to best effect; you do not want your managers wasting their time on fine detail which is of little practical significance. Similarly it would be disproportionately expensive to have your lawyers review every contract, but identifying with them the pitfalls of your business and the areas where specialist advice would be necessary could be a small cost in relation to the expense or loss saved.

Finally, while you will still need to ensure that the company secretarial and filing requirements are carried out properly, you can save management time by taking advantage of the many simplified corporate procedures contained in the Companies Act 2006. There will for example be no need for private companies to appoint a company secretary or hold annual general meetings and they will be able to use a more flexible procedure for written resolutions.

**To find out more about your legal obligations whilst doing business, please contact: Robert Haldane at Stephenson Harwood
email: robert.haldane@shlegal.com**

What should my managers be managing?

Your policies around what your employees can and cannot do in the office

Andy Moseby, Kemp Little LLP

In an age of open source and transparent open access, many technology companies are embracing a culture of free flow of ideas and communication. Managers should be prudent, however, in ensuring that the same liberal attitude does not necessarily apply to their company's business communications. As dynamic, innovative and open as the technology sector undoubtedly is, certain internal policy restrictions - in particular, around email and internet usage – need to be put in place, or managers could be putting businesses at risk.

To give one example, in a recent case, certain male members of staff downloaded pornographic images onto screens in a room they shared with a female worker. The Employment Appeal Tribunal held that this amounted to sex discrimination against the female colleague working in close proximity to this action, even though she made no complaint to her employer at the time.

The easiest way for companies to minimise their liabilities in respect of internet use is to implement a policy setting clear standards of conduct and performance, and giving examples of appropriate and inappropriate use of technology. This puts employees on notice that such breaches could lead to disciplinary action and demonstrates that employers have taken reasonable steps to prevent discrimination/harassment in the workplace (thereby minimising vicarious liability for such claims).

Company policies and procedures relating to harassment/unacceptable use should also be expressly stated to apply to contractors and temporary staff, as well as employees. This is particularly important for technology companies, where contractors usually form a large proportion of the workforce. With hot-desking on the increase, companies must also ensure that all employees are aware of and adhere to such policies, whether or not they operate from a centralised office.

Internet use also has security issues. Many businesses have few protections in place to ensure that laptops used by staff while out of the office stay free of viruses, spyware and other malicious programs.

What should my managers be managing?

Your policies around what your employees can and cannot do in the office

BBC investigation published in October 2006 revealed that the average home computer is attacked by hackers every 12 minutes.

Email, too, can be problematic. Probably the chief method of communication in an average workplace, many users still regard email as informal communication: the text equivalent of a chat over the phone. This ignores the ease with which email can create contractual obligations or the fact that email is a permanent written document that is usually disclosable in litigation.

Many companies wishing to control email or internet usage in the workplace have therefore looked to adopt employee monitoring. Monitoring of this type will be a form of data processing so will need to be carried out in compliance with the requirements of data protection legislation, the fundamental principle of which is that data must be processed “fairly and lawfully”.

Monitoring can be undertaken in compliance with data protection principles, provided that companies have regard to minimising the risk of breaching their employees’ right to privacy. The Information Commissioner recommends that workers should be aware of the nature, extent and reasons for any monitoring unless (exceptionally) covert monitoring is justified. Individual e-mails should only be read where there are good reasons for doing so and the least invasive means of monitoring should always be used (for example, spot checks are preferable to continuous monitoring, and automated systems which monitor the number and size of emails should be used rather than monitoring email contents). It is rarely appropriate to open emails that are clearly personal unless there are exceptional circumstances (for example, suspected criminal activity). Warning employees that they are subject to extensive monitoring (and giving the basis for this) also assists by reducing the employees’ expectation of privacy.

Employers cannot infer consent to monitoring from the fact that they have briefly told employees about monitoring activities and not received any complaints - they must ensure that they obtain express and informed consent from employees. It is not sufficient for an employer to simply post a monitoring policy on an intranet and hope that employees will read it.

Quite apart from data protection considerations, employers should bear in mind that employees have an implied right to at least some degree of privacy in the workplace.

What should my managers be managing?

Your policies around what your employees can and cannot do in the office

In a recent case, a police inspector brought a claim after her telephone calls were covertly tapped despite the fact that she had received an assurance that her calls would not be monitored – she was awarded around £10,000 in respect of her non-financial losses. That case was brought against a public authority sector employer and may therefore not translate directly into an action against a private sector employer. However, it may assist an employee to argue that their employer has breached the implied duty of trust and confidence and to therefore claim unfair dismissal.

To find out more about your policies around what your employees can and cannot do in the office, please contact Andy Moseby at Kemp Little LLP email: andy.moseby@kemplittle.com

What should my managers be managing?

Bob Bissell, Partnerships Manager, BT Local Business

Running a business can be very complex, managing finances, ensuring marketing is right, keeping customers happy – all on top of getting your product right and out to the market. But managing all different areas effectively isn't always easy knowing you have the right partner to go to for advice and support can help you to focus on doing what you do best.

IT and Communications are often just seen as business tools that are bought, installed and used. However, the pace at which both businesses and technology change is so furious that keeping on top of your technology requirements requires constant and effective management.

With 4.3 million small and medium sized enterprises (SMEs) in the UK, contributing over half of the UK's turnover and employment, SMEs are a key part of the UK economy. So managing your IT & Communication needs effectively really can make a difference.

BT Business has five top tips to help you keep on top of this ever-evolving challenge:

MEASURE YOUR ROI - when you're looking to renew your IT hardware and services make sure you do your homework carefully, look at your business plan and set targets to measure your return on investment

IDENTIFY OPPORTUNITIES - look at areas where your systems could be more efficient such as the convergence of voice and data services

SEEK EXPERT ADVICE - get comprehensive support for every element of your IT and communications systems, such as security, firewalls, a help service and data storage back up

Your IT
and
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tools

What should my managers be managing?

Your IT and communications business tools

DON'T BINGE BUY – avoid buying gadgets just for the sake of it, look at how and when you might use them and how they're going to help you to manage your IT and communications more efficiently

STAY CONNECTED - stay on top of the latest developments in the support and hardware market as technology for SMEs is constantly evolving

Real tangible benefits can be achieved through managing your IT & C correctly. These include:

FLEXIBLE WORKING & INCREASED PRODUCTIVITY - Your workforce can become more productive if you introduce flexible working practices throwing away the traditional nine-to-five mentality. This involves enabling staff to work from home and on the move to get the most out of their time or introducing job-sharing or flexi-time. Working longer hours does not increase productivity; in fact in the UK we work longer hours than the rest of Europe but our productivity levels are actually lower. However, don't rush into adopting these changes, the business case needs to be examined and guidelines and security properly established first.

RECRUITING FROM AN INCREASED SKILL POOL – Running IT & Communications smoothly can be a huge pull for potential employees –from allowing candidates to view your credentials online and apply for the job remotely, to satisfying the most skilled candidates who are generally more demanding in terms of the workplace environment. A further benefit could include casting your recruitment net to a wider pool of skills, by enabling those previously excluded, such as young mothers or the disabled. Where flexible working is established for example, SMEs cited staff motivation (65%) and increased productivity (50%) as key benefits.

ENVIRONMENTAL CREDENTIALS – More so than ever before, businesses of all sizes are coming under scrutiny from the 'green' community. Customers are more likely to purchase from green suppliers, job candidates are more likely to apply for positions at 'green' businesses, and the Government is implementing vast legislation to force employers to adapt more environmentally-sounds practices.

What should my managers be managing?

Your IT and communications business tools

Employers working from home just one day a week or one day each fortnight can substantially cut their carbon footprint. At BT where flexible and home-working is actively encouraged, travel costs have been reduced by £9.7 million per annum again significantly reducing workers impact on the environment.

BUSINESS SUSTAINABILITY/CONTINUITY - Further research by BT Business has shown that some owner-managers, despite having no background in IT and Communications, can spend up to 80% of their time dealing with problems arising from it. This clearly limits the extent to which owner-managers are able to manage the rest of their business or work to expand and grow it. Getting expert advice on your IT and Communications can also help you to plan for future growth and expansion or even business changes.

INCREASED BUSINESS GROWTH & SECURITY - Small businesses can now access tailor made packages of networked IT support, that not only respond and remotely solve glitches, but also proactively monitor systems in order to predict potential issues as well as data storage, security and back-up. These solutions have long been offered to large corporations, but as IT is equally as important to small businesses in a local/global world suppliers such as BT Business has responded to the needs of small businesses to offer complete IT and Communications solutions at affordable prices.

To find out more about your IT and communications business tools, please contact Bob Bissell at BT, email: bob.rj.bissell@bt.com

What should my managers be managing?

Your patent portfolio and other intellectual property as you grow

Richard Jackson, Carmels & Ransford

Your patents are assets that cannot be left to look after themselves, so how should your patent managers be spending their time?

The answer to this question depends to a large degree on how far your business has developed. A large company with a sizeable patent portfolio and a penchant for multinational litigation will arrange its patent management very differently from a small startup company with lots of good ideas but only one or two patent applications. In all cases, though, the fundamental role of the patent managers is to ensure the effective implementation of your company's patent strategy.

A patent strategy will establish and maintain a portfolio of patent filings that supports your company's business and R&D goals. This portfolio may be large or it may be small; it may be based on simple ideas or on the brainwave of a Nobel laureate; it may cover the globe or only a handful of countries; but it will always aim to provide a patent position that is in tune with your business goals, such that the portfolio makes a positive contribution to your company's success. If it is not making that contribution then your managers must be able to recognise this, and then to re-align your patent strategy with your business.

For a startup company, management of patent strategy may first require one to be developed. The nascent strategy will make it clear why you have a patent portfolio and what you aim to achieve by having it. It will specify how ideas generated within the company will be communicated to the patent decision makers. It will explain how these ideas are evaluated and will identify criteria for selecting which are then transformed into patent applications. It will determine how the portfolio is created, developed and maintained. It will establish how the portfolio is exploited, for example whether to generate royalty income or to exclude competitors. It will also deal with policy issues such as confidentiality, ownership and employee rewards, as well as practical issues such as record-keeping.

What should my managers be managing?

Your patent portfolio and other intellectual property as you grow

And beyond your own patent filings, it will ensure that your company can continue to operate as desired without suffering from threats and disputes arising from your competitors' patents. In short, it will define business processes to ensure that your company's business needs are supported by your patent activities.

To ensure that your company's patent activities meet these objectives, your patent strategy must be aligned with your overall business and R&D strategies. Thus your patent managers must have a good sense of your business vision and expectations. Failure of alignment will result in a patent portfolio that is the wrong size or shape for your company, overweight at the periphery of your business while leaving core R&D work unprotected.

Moreover, as your business objectives change then so must your patent strategy. A patent strategy should be dynamic such that, as your business develops, your patent portfolio can be adapted accordingly. Thus alignment is a continual process, which will be entrusted to your managers.

As a patent portfolio develops in line with your business, new requirements for its management will emerge. For example, while a patent manager for a startup company will focus on establishing a suitable patent strategy, a company five years further down the line will want its managers to be evaluating the performance of its patent portfolio, to ensure that the strategy is being properly executed. Is the portfolio maintaining alignment with the business? Is it the correct shape, bulging in the right places? Has it succeeded in protecting your key R&D successes? Is it excluding competitors? Is it generating the desired royalty income? Is it ensuring that you are not colliding with granted patents held by your competitors? Is it performing as well as the portfolios held by others in your marketplace? And is it doing these things in a cost-effective manner? For companies that have progressed beyond the initial startup phase, therefore, your managers should be aiming to ensure that your patent activities are delivering their strategic goals.

For small companies, these management tasks will typically be performed by a single person, not necessarily dedicated to that role alone, but usually with some administrative assistance.

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Your patent portfolio and other intellectual property as you grow

Regardless of whether this person is a qualified patent attorney, their role will invariably involve a working relationship with outside professional patent advisers.

Maintaining and developing this relationship is another function of your managers, thereby ensuring that the patent strategy is properly supported externally as well as internally, and in a cost-effective way. As your portfolio develops further, however there will eventually come a time when the management tasks are too much for one person. At this point, with a growing department, your requirements of individual managers will change to include the ability to manage people as well as portfolios, but the overall functions required of the group will remain the same.

In summary, your managers should be managing your patent portfolio such that it fulfils the objectives of your company's patent strategy. In early-stage companies your managers will be establishing, developing and implementing that strategy, while in later-stage companies they will also be evaluating and benchmarking it. At all times, though, their aim will be to ensure that your expenditure on patent activities is delivering a positive contribution to your company's success.

Further reading:

- Lex van Wijk: *There may be trouble ahead*. Scarecrow Press, 2005.
- H Jackson Knight: *Patent strategy for researchers and research managers*. John Wiley & Sons, 2001

To find out more about your patent portfolio and other intellectual property as you grow, please contact Carpmiels & Ransford, Richard Jackson - email: rej@carpmiels.com, Anthony James - email: lacj@carpmiels.com or Cameron Marshall - email: cjm@carpmiels.com

What should my managers be managing?

Your personal liability

Robin Thomson, Layton Blackham Insurance Brokers Ltd

Taking it Personally

Running a business is becoming increasingly complex compounded by extra regulation, advances in employment legislation, new laws and the growing compensation and blame culture. This has meant that the traditional insurances are unlikely to be sufficient to protect you against all claims that may now be made against your business or you personally. Robin Thomson of Layton Blackham Insurance Brokers explains personal liabilities.

It used to be sufficient to protect yourselves against the risk of employees being injured or suffering illness at work and from claims from third parties as a result of their being injured or their property damaged, because of something you have or have not done. However, there are now a large number of other areas where you can be sued. These risks can equally bring your business to its knees or perhaps more frighteningly, mean your own personal bankruptcy and losing everything you have worked so hard to achieve. A whole range of specialised insurance covers has been designed to meet these additional risks and which you should now be considering as part of your insurance portfolio.

The major ones are: -

Directors & Officers Liability

This is perhaps the most important as it protects all the key people in an organisation against any personal liability they might have as a result of running the business. It also applies to charities and those taking up voluntary positions. Increasingly Directors etc are being held personally liable for the consequences of acts or decisions they make in the day-to-day course of their business. This can range across corporate manslaughter, preferential treatment of creditors, discrimination, breaches of Health & Safety and other regulations plus fraud perpetrated by other officers of the organisation.

What should my managers be managing?

Your personal liability

The maxim seems to be that if there is no one to sue then take action against the Director and/or officer especially if they have some personal assets – house, savings, car etc.

Therefore it seems sensible for most organisations to now start to seriously consider arranging cover to protect all their key people against legal costs and compensation awards.

Employment Practices

This is specific cover for tribunal or other civil cases brought against you by employees. The number of instances where wrongful dismissal claims can be substantiated is growing and so are the types of causes where courts may award damages above the normal limit of £50,000. Recent publicity has been given to a sex discrimination case, which had the potential for damages to be awarded for £7.5m.

Provided you have good employment practices in place then cover against costs and awards is readily available.

Internet & E-mail Liability

Use of these means of communication is now an every day part of business life but brings new risks. E-mail libel, defamation, breach of copyright or intellectual property, transmission of viruses etc and the growing risk of unauthorised acts by employees are just some typical examples.

Once again, cover is available to protect you.

Commercial Legal Expenses

As well as claims from employees, businesses can be sued or prosecuted for a whole range of commercial issues such as breach of contract, tax and vat issues, data protection issues, property and neighbour disputes, breach of regulations to name but a few.

What should my managers be managing?

Your personal liability

Cover may be obtained for the legal expenses incurred or costs awarded against you and in some cases, your own costs in pursuing a claim of your own.

When running a business was straightforward so was insurance and as life got complicated so have the available insurance solutions but you don't need to concern yourself about that provided you use a professional broker – it's our job to keep abreast of all the new risks you may face and advise how you can protect yourself.

To find out more about your personal liability and for a free business insurance review, please contact Robin Thomson Group Commercial Insurance Manager at Layton Blackham Insurance Brokers Ltd on email: robin.thomson@layton-blackham.co.uk

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