



## **One of the family: How to encourage staff loyalty within small businesses**

If you want to prevent your best talent from being poached by big rivals, promote the benefits of working for a young startup.

By Sean Hargrave, Guardian Professional

Sam Zawadzki is typical of a small business owner living with the reality that when the big name employer in town swoops on your brightest talent, there is not always a lot you can do. He had spent the past couple of years developing his young employee's skills, through training and a variety of roles within his company AdvancetoGo, which allows landlords to rent properties online. However, as any small business owner will know, the allure of the big name in town can be hard to resist.

"The lady in question had her salary doubled and got several thousand pounds just for joining the new company," he says.

"So there's not always a lot you can do. Mind you, my business partner was offered a similar deal with a very well-known online company and turned it down because he wanted to stay involved in creating something new. You can't always get that excitement of being part of a small team building a successful business at a large enterprise. So, I guess a small business has to play to its strengths of offering fast-paced, varied roles where staff know they're important and will be actively listened to."

While this could be the case in a well-run large enterprise, as Zawadzki points out, SME owners are starting to realise that their best bet is not to leave staff untrained for fear they may leave. Increasingly, they are also encouraging loyalty through promoting the strengths of being part of a small, family-like team where roles are varied and people can feel a true part of something they are building.

### **Balancing Act**

To achieve this there are a couple of challenges to be overcome – developing staff across varied roles and making them feel truly valued without burning them out.

It's a particular challenge for SMEs. While companies of all sizes are equally concerned about losing staff, the stand-out statistic was that SMEs are twice as likely as a large company to lose staff to rivals where employees feel they will achieve a better work-life balance. Just over one in three (34%) revealed this is an active problem at small companies, compared to just 17% at their larger counterparts.

For this reason, concentrating on keeping staff motivated and happy at the same time is of paramount importance to Guy Mucklow, founder of Postcode Anywhere, which allows retailers and shoppers to save time by selecting their address based on a postcode.



"We're lucky we're on a canal in Worcester and so we've bought a canal boat we use for office trips out and every member of staff is entitled to take it out for a free week's holiday," he says.

"We've also just got some kayaks and we're offering training so our people can take them out as well. It's a great way for us to offer a better work-life balance and arrange company events at the same time."

Developing talent can be a potential problem for small companies who can be so busy growing they forget people normally like to map out a career path. That was certainly the finding of a recent survey by online personnel agency, breatheHR. It found that three in four employees in companies with a staff of 10 or less have no personal development plan at work. For companies with up to 50 employees the figures drop, but still two in three have no guiding structure to their training and development.

### **Training Mission**

HR consultant and author, Kate Russell, believes development is an area no company boss can ignore, regardless of the size of the business.

"Most SMEs probably already unconsciously play to their greatest strength of people feeling truly valued in a small unit but they should also consider adding career development and training," she suggests.

"You need to talk to your staff to agree a development plan and it's exactly the same with incentives. Not everyone wants a free gym membership, so talk to your staff and see if there's something else that would incentivise them, like Spanish lessons, or whatever it happens to be."

The fear of training staff up and then watching them leave often lies behind small companies using contractors in their early days. This was certainly the approach of Goldgenie founder Laban Roomes who has gone on to discover staff are far more trustworthy and hard-working than contractors, so long as they are treated well. The company founder, famed for receiving backing from James Caan on Dragons' Den for his patented gold-plating technique, believes it is a pretty simple management premise.

"The main thing I've found that works well is treating people with respect and really listening to their views," he says.

"We've certainly had new business opportunities opened up by employee suggestions. We have a lot of company events and treats but the main regular thing we do is Krispy Kreme doughnuts on a Friday to let our people know how much they mean to us."



## **Virtuous Circle**

Combining the fun things a small company can do for its staff with the career development of a large organisation is a strategy being worked on by Alan Poole, managing director of video production and e-learning company Juice. In his experience, the combination not only has a positive impact on staff but also clients.

"We all have lunch together and bake together every day, and we've got free pick 'n mix sweets and a table top football game, but you can't just stand still because peoples' expectations are always growing," he says.

"So we've brought in an HR adviser to help us develop our staff and offer training so they get the backup they would at a large company. The great thing, we find, is it's a virtuous circle because staff virtually never leave us and clients love the small family atmosphere. We have big name clients who we know have to deal with a lot internally and they love coming to our country office and relaxing at one of our BBQs where they meet the people working on their account. They would never get that with a huge agency where they'd be managed very formally by account managers rather than the people who actually work on their account."

So, working flexibly with a small team not only engenders loyalty, which can prevent talent leaving, it can also offer clients from large organisations a friendly and open atmosphere that can potentially encourage customer loyalty at the same time.