

Nº 4

AN INSIGHTS EXCLUSIVE WITH

# TERRY MICHAEL

Efficiency is key in any business, being proactive in this area will really help firms keep costs down for clients. With talk of costs possibly rising on the back of political decisions, cost will be ever more important.



## WOODFORD FAILURE: A ONE-OFF OR MORE TO COME?

By Margetts Fund Management

## THINK LOCAL, ACT GLOBAL

By EDGE Creative

 **KLO Financial**  
SERVICES

# DIRECTOR'S WELCOME



*John Glavey*

**JOHN E. GLAVEY**

Director  
KLO Financial Services

**W**elcome to our 4th Edition of 'Insights' Magazine. I'm delighted to have this opportunity to update you on developments at KLO and to introduce our contributors.

We have welcomed three highly experienced members to our back-office team. Paraplanners Wendy Chadwick and Bex Sinclair and Operations Co-ordinator Jo Barrett. We also have two exciting major developments. Firstly, a link up with Margetts Fund Managers will see us launch our new Prima fund. Secondly, we have been working with our creative consultants EDGE Creative to produce a new brochure. The subject matter is socially responsible investment and the range of issues that heading covers. Our Investment Analyst Massimo Vanni and Advisor Matt Booton are developing funds which allow clients to invest in a way that reflects both their financial and non-financial criteria.

In this edition of 'Insights' you will find an article from Margetts Fund Management that examines the issues that contributed to the downfall of the Woodford Equity Income fund. The article also provides pointers that will help investors avoid similar situations in the future. EDGE Creative has contributed a riveting article on the importance of creating a strong, consistent marketing brand. Something we at KLO take very seriously. We are currently working on a number of

initiatives with the team at EDGE Creative and I will be reporting on the results in future issues of 'Insights' magazine. One look at the photo accompanying this preface tells you I'm not in the first flush of youth! However, hot on technologies as I am, I was fascinated by Woodbarn's article on "Future Creativity and its Importance". I love an honest observation and BWD come right up with one. Everything they say could apply to any business and they make a very powerful argument for taking up a "new broom". Finally, I return to KLO as Massimo Vanni offers an insight into his role. He is excited at the prospect of working closely with Margetts Fund Management on our Prima fund and expanding our SRI offering. He is going to be kept busy in 2020!

Terry Michael, who is the most recent person to join KLO, is recognised throughout the West Midlands as a highly regarded investment professional. We, at KLO, were understandably thrilled when he chose to join us. He offers an exclusive Q&A session and I hope you enjoy his "insights" as much as I did.

We thank all our contributors and trust you enjoy their articles. We welcome your feedback and comments, and please, if you would like to contribute to the next issue of "Insights" just let us know, we would love to hear from you.

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# INVESTMENT ANALYSTS

PROVIDING SECURITY DURING UNCERTAIN TIMES

The investment market trades in a wide range of financial instruments. Their value can rise and fall depending on the vagaries of financial markets. Uncertainty and unpredictability are a stock in trade. Here enters the professional figure of the Investment Analyst.

Investment Analysts typically have a university degree in finance, economics, accounting or related fields. The primary function of an Investment Analyst is to analyse financial market activity in order to inform investment decisions most likely to generate quality returns whilst at the same time minimising loss.

## THE ROLE OF AN INVESTMENT ANALYST

Research forms a significant part of the job of an Investment Analyst. He or she needs to analyse a wide range of financial instruments and products including their terms and conditions and their suitability to meet the investment goals of the firm's clients. All research and due diligence is carried out in compliance with the rules, regulations and standards of ethics as set out by the UK financial regulator, the Financial Conduct Authority (FCA).

The role also entails the need to build a network of business contacts, subscribe to research journals, and keep in touch with the market zeitgeist, by linking with other analysts and Investment Houses around the world. Reviewing and staying up to date on all this information is time consuming but essential, in order to keep up to date with general market developments, new investment products and all other areas that can potentially impact financial markets, such as the state of the economy in a particular country.

As well as the need to access wider economic and business information, an important aspect of the Investment Analyst role is to keep abreast of current affairs, international and domestic, and develop an appreciation of their possible impact on financial markets.

This is because Investment Analysts have to be skilled at examining and interpreting data from different sources and understanding the impact this will have for investment decision making. At the same time, they must provide an insight into economic trends, evaluating the return potential and suitability for clients of different financial products and investment solutions.

The role also requires drafting and writing research reports for the Firm to use. These reports will provide background information on investment products, their historical performance, ranking in the marketplace, and any relevant news that may impact their long and short-term performance, as well as providing suggestions for new investment ideas.

THE CHALLENGES ARE EXACTLY WHAT MAKES THE ROLE  
OF AN INVESTMENT ANALYSIS SO IMPORTANT.

# DIFFICULT AND EXCITING

The Investment Analyst works in strict collaboration with, and provides assistance to, the firm's financial advisers. In particular, in my case, regularly reviewing, on a quarterly basis, the in-house model portfolios and making amendments to the latter when needed.

This ensures consistency of investments for all clients. It also enables advisers to focus on long term financial planning for their clients, safe in the knowledge that the investment solutions they are recommending have been constructed in an analytical and robust fashion. The work is primarily office based, however, it also entails some travelling in order to join events such as investment conferences and seminars as well as to meet fund managers, along with networking with other analysts and financial professionals.

The latter is not only professionally useful but also enjoyable socially. So, considering all the above, does the Investment Analyst always "get it right"? Unfortunately, this is not always necessarily the case. The main challenge of the role is having to face, in the memorable words of former US Secretary of Defence Donald Rumsfeld, both "known unknowns" and "unknown unknowns".

The former refers to unpredictable events and scenarios that one is aware of and for which one can try to form some research and evidence-based probability of outcome. Think, for instance, Brexit. The latter is simply radical uncertainty, an unpredictable event of which there is no previous awareness whatsoever.

Think of the great financial crisis of 2007-2009, that struck the banking and the general financial system out of the blue, a veritable "black swan" in the jargon of the financial industry, i.e. something never seen before and not even thought possible to exist.

On the other hand, these challenges are exactly what make the role of Investment Analyst at the same time so important, difficult and very exciting. If only I had a crystal ball! If you are someone who enjoys working with numbers, with an ability to research, analyse and evaluate, and is interested in finance and economic topics as well as possessing an analytical mind set, you would find this type of work really rewarding!

**Disclaimer:** The value of investments and any income from them may go down as well as up, so you may get back less than you invested. Past performance cannot be relied upon as a guide to future performance. KLO Financial Services Ltd are registered in the UK, company number 08711328. We are authorised and regulated by the Financial Conduct Authority, reference 710272. For any information please visit our website [www.klofinancialservices.com](http://www.klofinancialservices.com)

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# WOODFORD FAILURE: A ONE-OFF OR MORE TO COME?

In September 2007, Northern Rock was forced to seek liquidity support from the Bank of England due to its exposure to credit markets whilst faced with increasing deposit withdrawals. At the time, market commentators generally considered this to be a one-off event, specific to Northern Rock, which had been particularly aggressive in the mortgage market and relied too much on funding from other banks rather than its own depositors.

It later transpired that the failure of Northern Rock was a timely warning of risks posed to the entire western banking sector, later culminating in the 2008/09 credit crisis. Unfortunately, it was not heeded. Following the failure of the Woodford Equity Income Fund, we believe that this event is indicative of similar risks elsewhere in the collective fund industry which can be avoided if recognised. Although these risks are not on the scale of the credit crisis, we believe that important contributing factors can be identified and used to avoid similar future risks.

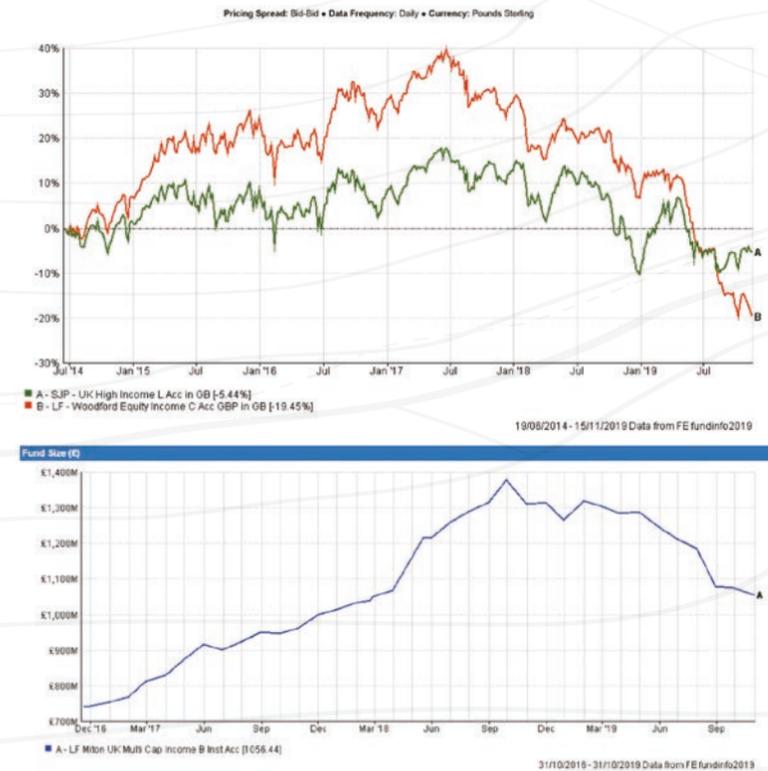
One factor which stands out is the correlation between investment flows into funds and performance. The Woodford Equity Income Fund is the most successful fund of all time in terms of raising money, reaching a peak

of just over £10bn in mid-2017 from a standing start in June 2014. The initial performance was strong, encouraging inward cash flows, which reversed as performance fell away from early 2016.

In a perfectly liquid fund, the performance would be agnostic to the cash inflows or outflows. However, perfect liquidity is theoretical and many funds, including Woodford Equity Income, hold an element of illiquid stocks. In this case, cash flows have an effect on performance in both directions. In the case of Woodford, the combination of illiquid stocks and outflows has decimated performance and led to a long fund suspension. Although this is an extreme example, this same effect can be recognised in many other funds.

The example (Pg 09) illustrates the performance of the LF Miton Multi-Cap Income Fund relative to the IA UK Income sector with a graph showing the fund size underneath. The pattern shows fund inflows peaking a few months after the peak in relative performance, following which, fund outflows occur and performance appears to erode. This pattern is familiar across many funds with a material level of illiquid stocks.

## THE MITON UK MULTI-CAP INCOME FUND



Although many investment professionals have long since acknowledged some link between performance, liquidity and cash flow, we believe that the structural risks associated have multiplied due to innovations within the fund management sector. Primarily this is due to fund selection persistently concentrating as a result of regulatory requirements and evolution in market practices.

Regulatory requirements around consistency, due diligence and research has resulted in a trend towards centralised investment propositions, use of fund rating agencies and portfolio managed services. This has resulted in fund selection being concentrated into the hands of fewer and fewer investment professionals. Tatton manages more the £6bn whilst other similar providers

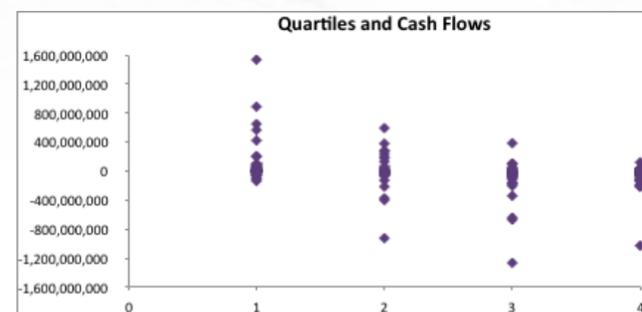
such as Square Mile and FE also manage in excess of £1bn each and all three are experiencing continued strong growth. Add this to other centres of influence such as network panels and DFMs centralised investment research and there is clearly a huge amount of influence concentrated into a small number of key decision makers.

The rating services appear to use recent performance as the most significant element of the research process. With performance information easily accessible, it is rare for these providers to continue to recommend funds which drift into the 3rd and 4th quartile for more than a few quarters whilst top performing funds often benefit from surging cash flows.



## “ COULD A SEGREGATED MANDATE REDUCE THESE RISKS BY ISOLATING INVESTORS FROM GENERAL RETAIL INVESTMENT FLOWS?

A quick look at the UK All Companies sector demonstrates this point. The graph below compares cash flows into funds over the last six months based on their quartile rankings over one year at the beginning of the six-month period. The data is very clear that cash flows have followed quartile rankings very closely.

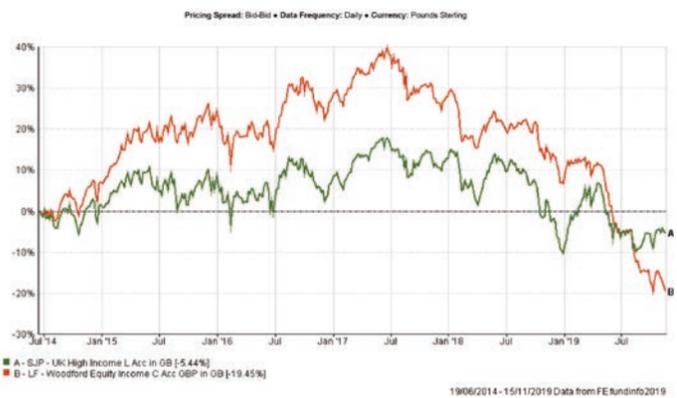


Could a segregated mandate reduce these risks by isolating investors from general retail investment flows? There are two key pieces of evidence to suggest that this may be effective.

The Woodford Equity Income Fund has a sister fund operated by St James' Place. This fund was not subject to the same surges of inflows and outflows. In addition, the fund was not permitted to hold stocks less liquid than the FTSE 350.

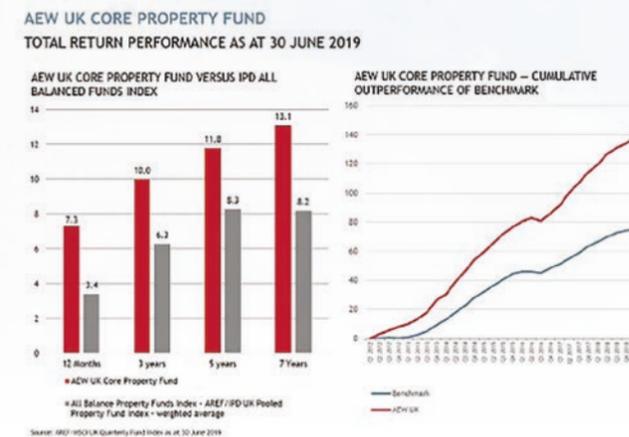
The graph below shows the performance of the two funds and illustrates both how the surge of investment into the Woodford fund may have pushed the illiquid asset values higher and also this process later reversing.

It is important to note that the loss due to this effect was actually far greater than the initial gains. In addition to the better performance from the SJP fund, this fund has also remained operational for in/out flows throughout, whereas the Woodford Equity Income Fund was suspended on 3rd June 2019.



A further example is the AEW UK Core Property Fund which was structured for institutional investors willing to commit to a long-term investment and provide notice of one month before making any withdrawal. This fund deliberately excluded retail investors to avoid unpredictable investment flows as property funds are particularly sensitive due to the high transactional costs associated with the underlying assets if the managers are forced to buy or sell over short periods.

The performance data for this fund suggests that removing the risk of investment flows has positively impacted performance. The data below is taken from their factsheet as they do not publish data generally to the market via FE.



A further consideration is the impact of dilution levies which can be applied to investors. Assuming an investor sells out of a fund and repurchases a similar fund, the effect of the dilution levy could be 50bps to 100bps for developed market funds and higher for smaller companies or specialist funds. Where a fund is operated through a segregated mandate, the manager can be replaced without the investors being subject to dilution levies as the new manager will gradually rotate the portfolio strategy and retain assets which are common to the new strategy.

In conclusion, we believe that investors could be exposed to additional and unnecessary risks where they hold funds which are, or become, popular retail funds. Whilst the rush

of inflows is likely to benefit performance, it is important to measure investment flows and look to exit a fund where there are signs of inflows peaking followed by a reversal within the investment flows.

Avoiding popular funds in favour of institutionally targeted funds, where underlying investors are broadly spread and more likely to be long term investors, is likely to reduce the identified risk. These funds are not actively sold to the retail community or willing to pay fees for ratings agency licenses but nevertheless have strong track records and experienced management teams.

The risks can be mitigated through segregated mandates, if scale allows, where cash flows can be controlled through promotion to long term investors able to withstand periods of under-performance. In addition, these funds may also benefit from being able to confidently hold less liquid assets due to their confidence in the likely investment flows. Where manager changes do occur, the impact of dilution levies can be reduced or mitigated.



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**Important Information**

Please note that the contents are based on the author's opinion and are not intended as investment advice. This information is aimed at professional advisers and should not be relied upon by any other persons.

Any research is for information only, does not constitute financial advice or necessarily reflect the views of the author and is subject to change.

It remains the responsibility of the financial adviser to verify the accuracy of the information and assess whether the fund is suitable and appropriate for their customer.

Past performance is not a reliable indicator of future performance. The value of investments and the income derived from them can fall as well as rise and investors may get back less than they invested especially in the early years.

Important information about the funds can be found in the Supplementary Information Document and NURS-KII Document which are available on our website or on request.

# AN EXCLUSIVE Q&A

## WITH TERRY MICHAEL MCSI FINANCIAL PLANNER

01

### AFTER STARTING A CAREER IN DNA ANALYSIS, WHAT WAS THE DRIVING FORCE BEHIND YOU MOVING INTO FINANCE?

I truly had a passion for science, hence my undergraduate degree in Medical Science. I took this passion into DNA Analysis, my first job after completing my degree. I really enjoyed my time as a DNA analyst and I do look back on this period in my life with fondness. However, whilst learning the ropes within the industry, I could see that a lot of the work that my colleagues and I were employed to carry out, should, and would eventually be automated. This worried me and I knew at that point that it would not be a long-term arrangement for me. Whilst continuing to work in the role I started to think, what else could I do? However, the answer came to me without realising it.

The role was based in London, which meant that I had to up and leave my home in Birmingham and move down to London. If you have ever tried to live in London yourself, you will know that it is very expensive! I soon found this out for myself. My salary at the time (2008) was £16,000 and this did not stretch very far. I always had an interest in stock markets, which looking back was my father's influence. He would always talk about global markets and would constantly read up about them, he still does to this day.

To make ends meet, I started to trade my own stocks online, and if you remember, 2008 was the year the Great Recession took a hold. Probably not the best time to begin a new hobby trading stocks, however, I started making money. I was hooked! I left my role in January 2009 and returned to Birmingham where I started studying for qualifications in Wealth Management whilst working in the family Fish & Chip shop.

“

*So, I guess the driving force was two-fold; I saw the industry I was in becoming more and more automated (which it has), and I saw that the researching skills I had learnt in my Medical Science degree could be used for a career in finance.*

02

### YOU HAVE HAD A SUCCESSFUL CAREER SO FAR WORKING FOR LARGE FINANCIAL COMPANIES, WHY DID YOU CHOOSE KLO AS YOUR NEXT CAREER STEP?

Working for large companies can be very rewarding at times and I enjoyed all my roles within the industry, but I started to look at the industry as whole and the number of changes that we have witnessed over the last few years. I wanted to provide clients with what I think they really need, financial planning, creating a structure within their finances and a plan that I could work with clients to achieve their goals over the long-term. I have known the directors at KLO from the day the firm was established and over time I realised we shared the same values when it came to our clients.

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*Quality and care for their clients is at the forefront of the firm's culture and this was the reason I chose KLO as my next career step.*

03

### WITH THE EVER CHANGING POLITICAL AND FINANCIAL LANDSCAPE IN THE MIDST OF BREXIT, WHAT DO YOU FEEL ARE THE MOST IMPORTANT FACTORS FOR ADVISERS AND FIRMS ALWAYS STAYING ONE STEP AHEAD?

It is important to stay up to date with the legal side of financial planning, as this is an area that is constantly developing. Given the current political landscape, it could be on the cusp of much greater developments. For this reason, working with lawyers is an important part of financial planning. As a financial adviser, it is important that you do not try to be all things to your clients. If the expertise of another is needed to accomplish the best solution for a client, then they should be involved in the planning process.

Efficiency is key in any business. Being proactive in this area will really help firms keep costs down for clients. With talk of costs possibly rising on the back of political decisions, cost will be ever more important. Having said that, the world is always changing and will continue to do so, and cost is not everything. It all boils down to the service you provide clients. Communication with clients when times are hard is appreciated a lot more than communication with clients when times are good.

04

### WHAT MOTIVATES YOU TO BE SUCCESSFUL?

I think it comes down to my upbringing to be honest. My father grew up in Birmingham and he and his family were very poor. My mother grew up in Cyprus and helped her parents with their farm, until they sent her to England when she was 14 to escape the Turkish invasion of Cyprus in 1974. They started out with nothing and worked very hard for their success. They taught my sister and I that hard work is necessary and you should take pride in whatever you do. People value and depend on you to do a good job, and it's important not to let them down., Whatever your job is, you should do it to the best of your ability.



05

### WITH THE FOCUS ON DELIVERING AN OUTSTANDING CLIENT EXPERIENCE, WHAT DIFFERENTIATES YOU FROM OTHER IFA'S?

**M**y years working on the other side of the fence is a real positive for clients. I spent most of my career managing clients' investment portfolios as a discretionary fund manager (basically a modern-day stockbroker). The experience and knowledge that I carry with me within global stock markets provides my clients with an extra layer of value that other IFAs simply cannot provide.

Start saving as early as possible and get a professional to advise you. So many people think they can 'play' the stock market and they buy shares in one or two companies. Then they brag to their friends how successful and smart they have been with their investments. Until the next recession comes by and they realise how exposed they have been for so many years. This is called gambling, not investing, there is an enormous difference. With gambling, the potential gains are huge. With investing the gains are usually smaller, but the investor will survive the next recession and come out the other end, the gambler will not!

06

### HOW DO YOU STAY CURRENT ON INDUSTRY DEVELOPMENTS?

Reading. There's no other way to do it. Constantly reading is the key to improving your knowledge in any sector. You have to read lots, as there are a lot of opinions being published these days without any factual basis. You have to filter out the rubbish and focus on the true facts. Unfortunately, the only way to get to the facts is to read a lot of the rubbish first.

08

### WHAT ADVICE WOULD YOU GIVE TO YOUR YOUNGER SELF?

Surround yourself with genuinely good people. People that want the best for you and are happy when you succeed. It is so important to know that the people you hold close by, actually want you to succeed. These people are usually positively focussed people that will be there for you through thick and thin.

Financially speaking, I would advise my younger self to have started a financial plan earlier. The earlier you start, the better! The power of compounding returns over the longer term is extraordinary. I have seen it with my client's wealth over the years. If you don't believe me, believe Albert Einstein, who famously said that compound interest is the most powerful force in the universe.

07

### WHAT IS THE ONE PIECE OF FINANCIAL ADVICE YOU THINK EVERYONE SHOULD KNOW?

Get a will written to protect your family. People assume that if you are married, there is no need for a will. If you die without a will, your spouse is entitled to the first £250,000 of the deceased's estate and half of anything above this value, with the remainder going to any children. It's just easier to have a will in place, but so many do not.

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*Compound interest is the 8th wonder of the world. He who understands it, earns it; he who doesn't, pays it.*

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**THERE'S NO OTHER WAY TO DO IT. CONSTANTLY READING IS THE KEY TO IMPROVING YOUR KNOWLEDGE IN ANY SECTOR**


 BWD

# WORLD-CLASS REPUTATION

**Recruitment has never had the greatest reputation and is an extremely competitive sector. So why did a group of Financial Services professionals decide it was time to start a recruitment business 13 years ago?**

Well, the answer is partly in the question. Reputation is key to standing out in this sector. Over 80% of clients have been partnering with us for at least 10 years, which certainly emphasises our ability to deliver and maintain our reputation, but that is only part of the story.

Having come from the industry, we have witnessed first-hand what it is like to deal with recruitment agencies. This includes the handling and preparation of candidates, maintaining relationships, bombarding you with an abundance of CVs, hoping one of them will be suitable, etc. These are not the standards a professional industry should be dealing with.

By dedicating solely to the Financial Services industry, we are not stretching ourselves into areas we do not know or understand. Having grown from our humble beginnings of Wealth Management and Sales & Distribution, we now have seven specialist divisions, each containing specialists for their sector.

## THE DIFFERENCE

Every firm likes to talk about their USPs, the elements that set them apart from their competitors, but are they all truly unique? At BWD, we have a number of key differentiators which make us stand out in this crowded market.

- ▶ **Consistency**  
For every 5 CVs sent, 3 are interviewed. This is an average across all divisions.
- ▶ **Loyalty**  
Our core team has been with BWD for an average of 7 years, a rarity in recruitment.
- ▶ **Knowledge**  
Over 150 years' combined recruitment experience.
- ▶ **Excellent**  
98% of our candidates would recommend us.
- ▶ **Resource**  
Dedicated marketing division, headed up by a Financial Services marketer, with 20 years' experience. A unique commodity for a consultancy.

## WE HAVE A NUMBER OF KEY DIFFERENTIATORS MAKING US STAND OUT IN THIS CROWDED MARKET

### ROUNDTABLES

We host regular roundtables, inviting individuals to discuss sector topics, news and future plans. This enables BWD to gain a better understanding of what is really happening in the market and react accordingly. These are conducted with one of the leading sector financial publications, depending on the division, but have been covered by Money Marketing, FT Adviser and Pensions Expert.

### CONSULTANCY

We are more than just a recruiter. Utilising our financial services knowledge, we have undertaken a great deal of bespoke consultancy work for an array of different firms. This has ranged from sales structures within life offices and investment firms, to salary and benefit packages for advisers within a specific region.

In addition, we produce in-depth census reports. These reports have been utilised at industry conferences & press, company events and senior management meetings.

### CANDIDATE & CLIENT CARE

This may sound simple, but it is what we place at the forefront of our business. It is also where the reputation of the industry is affected. We understand what a business requires in a candidate, rather than just throwing qualified candidates at the hiring manager. Understanding what a candidate wants and matching the personalities of the two is crucial. Someone on paper may look suitable, but it is not until you have spoken to the candidate, that you'll know if they fit into the business.

It is our reputation at stake. Back to that word again, but it is critical. We wouldn't put our reputation in jeopardy, just to get an additional fee. We are more than a just a recruiter, we are an extension of a Financial Services firm, providing the resources required.



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# FUTURE CREATIVITY AND ITS IMPORTANCE

Just a few years ago technology was laggy, inconvenient and an all-round pain. Remember the fax machine? These days, anyone with an internet-enabled device can:

- ▶ Access the combined knowledge of experts in their field, with a search box at their fingertips
- ▶ Order products and services with a click or a tap, making life that little bit simpler and easier
- ▶ Communicate with anyone, anywhere, instantly, through the power of social media and instant messaging.

Technology is fantastic, but it also brings threats to life, socialising and the workplace as we know it.

You've probably heard about the rise of the robotics and how Artificial Intelligence (AI) will force us to rethink manual labour as we know it. There is also speculation surrounding the involvement of global leaders in technology, however the 5G debate is a story for another day.

There are many changes that are already altering the shape of the workplace, and The World Economic Forum Report predicts the loss of 5 million jobs in developed and emerging nations by 2020.<sup>1</sup>

In addition, an Oxford University study calculated a 95% chance that accountants and bookkeepers are the most likely profession to be replaced by automation<sup>2</sup>. In fact, John Cryan, the CEO of Deutsche Bank, anticipates that half their

employees could soon be replaced by robots<sup>3</sup>. Meanwhile, a Deloitte survey showed that 39% of legal jobs could be automated in the next decade<sup>4</sup>.

So what do humans have that computers don't? The answer is creativity, imagination, vision and that all important "human touch"

*Those are the skills that Woodbarn have in abundance.*

Woodbarn work with the most forward thinking companies to help our clients stay ahead of the market by developing and implementing a whole range of excellent solutions be it the most innovative software and applications solutions, tech recruitment, tech financing, full digital marketing such as SEO and PPC and now our groundbreaking new service named App in a Day.

App in a Day utilises the very best strategists and developers in the international market to deliver an application to "Touch and Feel" and all within 24 hours, over 2 days in Holland. The result will be an MVP packaged up, along with a real plan to take your dream onward and upward to your target market. The products and services Woodbarn offer are all aimed at improving the way organisations effectively operate and to revolutionise the way they are perceived and conduct business.

The good news is that strategy can't be automated by machines. Emotions and empathy can't be replicated in code. Creative inspiration can't be generated digitally. These uniquely human skills are invaluable.

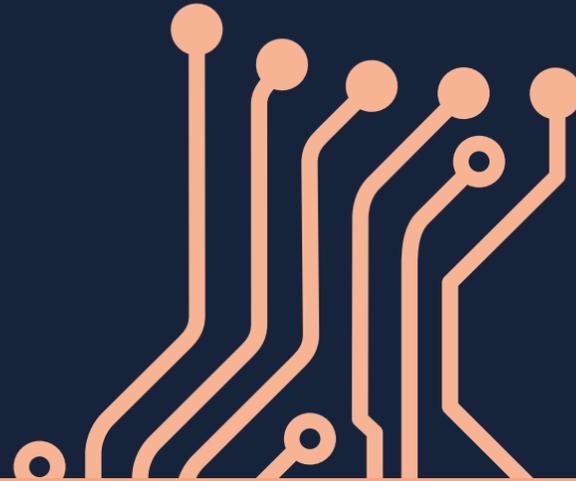
*In 2017, the 'Salvator Mundi' painting by Da Vinci sold for \$450m at auction – just one example of the value that can be placed on creative talent.*

Creativity goes way beyond art, craft and design to include problem-solving, lateral thinking, and brainstorming new ideas. Those are the skills we'll need in the future, according to the World Economic Report 'The Future of Jobs' (2016). Meanwhile, an International Data Corporation report identified creativity among the top 10 skills employers are looking for.

LinkedIn Learning went a step further. Their recent research concluded that, while cloud computing was the number one skill that companies need, creativity was in second place. Google also cites creativity as one of their top prerequisites for both potential and current employees.

It's good news for us too, because there will always be a demand for creative thinkers and doers in the creative sector, despite how amazingly well we can deliver digital services.

Creative skills transcend boundaries and creative work can be hugely rewarding. It is thanks to creative thinkers that we have the abundance of tools, inventions and the progressive nature of the technology industry.



## HOW WOODBARN HELPS...

**W**e want to drive forward change to the momentum of tech whilst maintaining the human resource needed in order to create something truly special. Our vision is that everyone not only embraces the products and services we deliver but also loves and depends on them to enhance their lives personally, professionally and emotionally.

Creativity is defined as 'the use of imagination or original ideas to create something.'

That's what we do here at Woodbarn, by specialising in the strategy, creation and implementation of truly ground-breaking technical innovations. Our vision is to realise the potential of an idea or product and make it a reality through our wealth, our resources and partners. Together, we create your success story. Let's talk about creating yours, contact via [matt@woodbarn.tech](mailto:matt@woodbarn.tech) or for more information visit [www.woodbarn.tech](http://www.woodbarn.tech) or [www.appinaday.co.uk](http://www.appinaday.co.uk)

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**A NEW MAGAZINE DRIVEN BY KLO FINANCIAL SERVICES, COVERING AN ARRAY OF FINANCE-LED TOPICS AND VIEWPOINTS FROM THE INDUSTRY EXPERTS.**

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MARK PANAYIDES  
07976 154 394 OR 0121 355 8092  
[MARK@EDGE-CREATIVE.COM](mailto:MARK@EDGE-CREATIVE.COM)**



# EDGE

# THINK LOCAL, ACT GLOBAL

## KEY CONSIDERATIONS FOR MANAGING A STRONG INTERNATIONAL BRAND

**All businesses have the potential to expand into new markets, and with digital marketing speeding up the process, this isn't going to change any time soon. Technological developments and internet world-domination mean that consumers around the globe have the ability to connect with brands 1000s of miles away, giving businesses more opportunities for international growth than ever before.**

Expanding into another country, however, needs much more than a good website (although this is helpful!). To be successful, you must also have a strong global identity with consistent messaging and values. Think local, act global.

Managing a strong, international brand identity reinforces your reputation and differentiates you from your competitors. Get it right and you can increase customer loyalty, reach and recognition, grow new leads and boost your bottom line significantly, but globalising your business isn't easy. Your brand must translate seamlessly across borders and appeal universally to your target audience. To do this, there are many factors you must consider.

## 1 BRAND POSITIONING IN LOCAL MARKETS

In competitive industries, it can be difficult to make an impression and stand out. The challenge gets even harder when expanding into another country and marketing to an entirely new audience.

The first step to globalising your brand is reviewing your existing position in the local market. What are your brand's core principles? What is your business's cultural identity? What are your values? Before stepping into other markets, understanding what differentiates your brand is key to creating a strong and consistent international identity.

It's important to remember that your business will be competing with many local industry leaders and other, potentially global, brands that are already firmly established there. Having a secure and strong brand position involves truly understanding your competition and your competitive advantage. By doing so, you can influence purchasing behaviour in a truly valuable manner. Ask yourself: Who provides similar products and services in that market? What makes you different? What is your unique service proposition? What are your core values?

Arthur Weiss, managing director of competitive intelligence agency Aware, states that "by monitoring competitors on an on-going basis, you get to know their behaviour and so can anticipate what they are likely to do next. You can then plan your own strategies and win customers away from your competitors."

By keeping tabs on your competition, you can expand your business internationally and break into new markets with confidence.

## IN COMPETITIVE INDUSTRIES, IT CAN BE DIFFICULT TO MAKE AN IMPRESSION AND STAND OUT

## 2 CULTURALLY CONSIDERATE MARKETING

When marketing your business, you cannot assume that what has worked in one country will be naturally replicated in another. For example, when Tesco entered the Japanese market, they underestimated the retail landscape. They invested over £250 million and 8 years into trying to break into the market but had to accept failure in 2011 when they could not build a sufficiently scalable business.

To create a brand that appeals to an international market, you must strategise based on what the specific market responds to. For example, according to Hubspot, UK residents are more 11% more likely to use social media for business when compared to their US counterparts. Market research will tell you exactly how to fine tune your strategy and allocate your budget.

Building a global brand involves taking awareness of context. A clever brand name or marketing slogan which may sound great in one language could result in a cultural misstep in another. For example, Mr. Muscle, the popular line of cleaning products, had to rename their business to "Mr. Powerful" when starting out in China, as the spoken translation of their previous name meant "Mr. Chicken Meat" (Today Translations).

This cultural difference is also seen in imagery and colour. For example, in Indonesia, green is a "forbidden colour" and in South America, green represents death. However, in the Middle East, green is the colour of luck. Ensuring that your brand translates well across the world is integral in global success – using green in your logo and branding in the Middle East might work well, but you're unlikely to break into South American or Indonesian markets.

When working with Carl Data Solutions, we shipped our brochures out to Sweden, Canada, Hong Kong and the Philippines. Within each country, it's possible for a piece of work to be received differently. As the countries Carl Data Solutions operate in all have different cultures, it was important to ensure this brochure could be received positively across all 4 countries – taking into account the different connotations of colour, imagery and language. In order to complete this project, we created one brochure which translated seamlessly for a wide international audience with special attention to brand, word and colour connotations.

### 3 MAINTAINING CONSISTENCY

One of the largest challenges that companies face when trying to expand into a new market is maintaining their existing brand identity while customising brand messages to appeal to local cultures, preferences and regulatory environments.

You must be cautious and ensure that the extent to which your brand adapts to different audiences doesn't erode the positioning and identity of the brand in your home market. Of course, cultural differences are likely to mean that certain branding elements will adapt as you explore new markets, but your core principles and identity should always remain the same.

These principles and identity should be built upon the conclusions you drew from your initial brand positioning review. Whether it's the quality of your products and service, or the tone and personality used in your marketing campaigns, you should remain consistent, but flexible. This consistency is what makes a strong brand that is familiar to consumers wherever you are in the world. In fact, according to Forbes, consistency across channels increases revenue by 23%.

A great example of brand consistency is from Innocent Smoothies. One of the most recognisable features about their brand is their tone of voice, which is informal and friendly. They stray from grammatical conventions, regardless of the country they are in, and keep their language colloquial. This creativity and consistency across the globe establishes the brand in different markets and creates trust. This means that regardless of country, Innocent Smoothies is a brand you recognise.

### 4 OPERATIONAL ISSUES

Conducting business in foreign markets brings with it many operational issues which can affect the running of your company.

You should review the country's law and it is highly advised that you seek experienced legal counsel for overseas business practices. By doing so, you can identify hazards that may cause barriers to your business. For example, in Sweden all employees receive 34 paid leave days whereas the UK only receives 28.

You will also need to think of basic operational necessities like setting up Wi-Fi, banking, a phone number and paying utilities bills in order to get your day-to-day operational tasks running. To do this, you must consider differences in currency and how that compares to your existing markets.

Other factors you must consider include time differences and communication between different areas for your business. Say your head office is in the UK, but you have just expanded into Australia, it's important to work around time differences, especially when it comes to deadlines.

For example, when working with PRC Partners, we had to schedule our calls around each other due to different time zones in both Canada and Hong-Kong. This meant we'd often take calls first thing or stay up late to ensure constant communication with the team and guarantee we hit the brief and finished projects in time.

**CREATIVITY AND CONSISTENCY  
ACROSS THE GLOBE ESTABLISHES  
YOUR BRAND IN DIFFERENT  
MARKETS AND CREATES TRUST**

### EDGE CREATIVE

Breaking into international markets can feel scary – but all companies have the potential to go global. To achieve this, you must develop a strong global identity that positions your brand within your industry, translates seamlessly across cultures, maintains consistency and is operationally functional.

At EDGE Creative, we have experience working with international businesses across many countries. If you want support creating a global marketing strategy for your business, contact EDGE Creative at:

[INFO@EDGE-CREATIVE.COM](mailto:INFO@EDGE-CREATIVE.COM)

OR CALL US ON  
0121 355 8092

f t in @

### WRITTEN BY



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Head of Production

**EDGE**  
EDGE-CREATIVE.COM



# 4 REASONS TO BUSINESS LUNCH

## A SMARTER WAY TO MAKE CONNECTIONS

**As business professionals, connecting with others is crucial to developing your pool of clients. However, in the golden age of smartphones and technology, the way we do this is changing at a rapid rate. Not only is networking becoming more digital, but the way we meet people in and of itself is transforming, and often, you might never have spoken to a new connection face-to-face before you start working with them.**

While connecting with others is moving towards the digital space, we're losing out on the face-to-face interaction that makes connection and relationships so strong. Meeting people allows you to understand what makes them tick, share an enjoyable interaction with them, and discuss in greater length about how your businesses can work together. Online networking and messaging your potential clients is quicker and can be done from the comfort of your own home, but is it enough by itself?

Not much beats relationship building than face-to-face networking, however, the environment matters greatly. Starting a conversation can be difficult when you're not familiar with other people attending an event, so it's important that you choose wisely. Not all networking is created equal!

Business lunches are an excellent way to get the ball rolling, giving you a common starting point to discuss the event's entertainment. These events can also relax what would be a more corporate environment, giving you a chance to sit and talk, making friendly discussions with other guests. You also have more captive time with your prospects, as sitting with another person to eat takes time, allows you to build up rapport and bond over a positive experience. Here are four reasons why you should consider attending a business luncheon.

### THREE COURSE LUNCH WITH ENTERTAINMENT FROM MATTHEW HOGGARD MBE

📅 27<sup>TH</sup> MARCH 2020 ⌚ 1:00PM

📍 ZEN METRO, BIRMINGHAM, B3 2DF

#### 1 IT'S A MORE RELAXED APPROACH TO CORPORATE NETWORKING

While corporate networking events are a fantastic way to meet and discuss potential work with prospects, they can often be very formal, potentially discouraging those newer to networking, and becoming tedious for those familiar with it.

At a business luncheon, you're able to sit, relax and discuss topics in a more entertaining and less stifled environment. The food also adds to the experience, and many of these events also hold other entertainment, such as football or cricket screenings, guest speakers, musicians and much more.

If you're more relaxed, you're more likely to enjoy the discussion. This makes for much better relationship building, higher quality conversation and creating a real connection with other professionals that simply couldn't be achieved through LinkedIn or corporate networking alone.

#### 2 YOU CAN ENTERTAIN YOUR NEW OR EXISTING CLIENTS

Not only can you meet and connect with prospects or someone completely new, but at a business luncheon, you can also bring along new or existing clients.

Luncheons provide an excellent platform for you to cement a positive working partnership with a new client, showcasing your commitment to keeping it that way. You can also invite existing clients to a business luncheon, further developing an already excellent working partnership.

By creating a positive shared experience with your clients and prospects, you'll have the chance to find common ground and bond – paving the way for exciting opportunities in the future.

#### 3 YOU'LL HAVE MORE CAPTIVE TIME WITH PROSPECTS

A business luncheon provides a more relaxed and entertaining setting to connect with your prospects, allowing you more time to build a rapport with them. In a corporate networking event, interactions might be shorter, potentially limiting your social experience with prospects. A meal and entertainment shared with your prospects allows for a longer discussion, delving further into ideas over a longer time period.

#### 4 YOU'LL BE SUPPORTING LOCAL CHARITIES

Not only do you benefit your business and personal skills through attending a business lunch event, it's likely that you'll also be supporting those less fortunate than you. Many business luncheon events are held in support of various local charities, meaning your business can lift up organisations that provide help to those in need. You'll also be fulfilling your corporate social responsibility goals, providing you with an excellent opportunity to shout about your involvement.

#### SEIZE THE OPPORTUNITY

At Amros, we hold regular business luncheon events at some of the region's finest venues. Each lunch includes a three-course meal as well as entertainment in a relaxed, enjoyable and entertaining environment.

If you'd like the opportunity to connect with like-minded professionals or entertain new and existing clients, we'd like to extend the invitation to our Birmingham Business Luncheon Club events in March, June, September and November 2020.

For more information, please contact **Neil Bettridge** at [sales@amrospromotions.co.uk](mailto:sales@amrospromotions.co.uk) or **07792 620355**.

\* Bookings can be made as individuals up to 9 persons or a discounted table of 10. Sponsorship is also available with many benefits, including complementary places, VIP booking priority, cost savings and company promotion. Each lunch will raise money to support local charities.



# IS IT TIME TO START INVESTING INTO THE PROPERTY INDUSTRY AGAIN?

**Whether you're a loyal remainder or avid leaver, there is no denying that Brexit has caused uncertainty across the property market over the last few years. However, as of 31st January 2020, the United Kingdom (UK) has officially left the European Union (EU). This begs the question, is now the time to start investing into the property industry again?**

The economic uncertainty that Brexit has brought has undoubtedly affected the property market, with house prices falling in some areas and a slowdown in sales throughout much of 2019. However, the general election result of a Conservative majority meant December 2019 saw the highest number of property transactions since before the referendum, with sales up 6.98% on previous year.

We are now in a transition period which will last until the end of 2020. During this time, negotiations will take place to see if the UK can reach a trade deal with the EU. We are unlikely to know the true impact of Brexit on the economy until this has been decided, however, forecasts by the Royal Institution of Chartered Surveyors suggest it might be time to start investing into the property market again. They predict a steady 2% growth over 2020 and a 4.5% rise over 2021.

## WHAT DOES THIS MEAN FOR INVESTORS?

As an investor, you may be concerned with the government's plans for the private rented sector or the changes to immigration policy and how this may reduce demand for properties from those coming to the UK. However, regardless of these factors, the property market remains an exciting investment opportunity, especially with the predicted rise in house prices.

Whenever you choose to invest, investment into property is a long-term process, and with a full understanding of the local demand and market, it is always possible to make good returns. Landlords with established and well-capitalised portfolios, will continue to fare well over the next year, however those heavily reliant on finance may find the uncertain conditions during the transition period from Brexit more troubling.

Irrespective of your experience or whether you plan on investing for buy-to-let or refurbishment projects, you are likely to need to find the money to purchase the property in the first place. There are a range of options available for securing this finance. You may choose to partner with another investor on a joint venture project, or you may be interested in receiving bridging finance to provide you with the quick, short-term finance you need.

## WHAT IS A JOINT VENTURE?

Joint ventures combine the skills and experience of one individual with the financial assets of another. For example, if you are an experienced property developer, you may require 100% funding through a joint venture lender. In comparison, if you are an inexperienced developer who has access to cash resources, you may want to partner with an experienced developer in order to satisfy the criteria of your lender.

There are many factors to consider with a joint venture, which includes assessing the relationship, liability, funding arrangements, flexibility and project management processes involved. Nevertheless, a joint venture is a successful method of gaining the finance and knowledge you need when investing into property.



**THE PROPERTY MARKET REMAINS AN EXCITING INVESTMENT OPPORTUNITY**

## WHAT IS BRIDGING FINANCE?

This funding option works as a solution that 'bridges' the gap by providing quick access to money that can be used to secure a property, provide funds for refurbishment projects or capital raise for business purposes. Although they tend to come with higher interest rates when compared to traditional longer term funding solutions, we are in a low interest rate environment and the introduction of challenger banks to the market place has drastically reduced the rates on offer.

Mostly used by individuals, landlords, property developers and other investors, bridging finance offers many advantages when being used for property. The loans enable you to purchase a dream home whilst allowing time to sell an existing property, they can be used to renovate a previously un-mortgageable property for sale or adding to a portfolio and they can be used for purchasing properties at auction. The loans are also quicker to arrange than traditional finance.

## FINANCE 4 BUSINESS

Demand for alternative sources of finance has grown rapidly in recent years, particularly with new lenders coming to the market. In the wake of mainstream banks' reluctance to support some property sectors after Brexit, we can support you in developing a solution which is bespoke to your personal situation. We are not tied into any product provider, which means we can find the right lenders to meet your requirements and maximise your potential for success.

Not only this, but our partnerships with Innovation 4 Business, Liquidity Club, Caliber Land and Walker Doble within the Finance 4 Business group of companies allow us to provide an array of solutions for you and your property investments.

Innovation 4 Business are specialists in offering consultation on multiple tax allowances, Liquidity Club can provide support with cash flow lenders, Walker Doble offer clients services covering every stage of the residential development process and Caliber Land are specialists in providing a complete service for land development and planning.

Together, we can find you competitive, flexible financing and offer unrivalled support all under one roof. Call us on **0121 309 0444** or email us on **enquiries@f4b.biz** for more information about the different finance options we can offer to you.

## “ DEMAND FOR ALTERNATIVE SOURCES OF FINANCE HAS GROWN RAPIDLY IN RECENT YEARS

### WRITTEN BY



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**OR CALL US ON  
0121 309 0444**





# YOUR FUTURE PROTECTED

**Life Insurance. The thing we love not to talk about, – but why? Because we suddenly realise that we will not be around forever and that one day we will be gone. It's a reality that nobody wants to think about until we are forced to deal with it. Whether that's through being diagnosed with an illness, losing a loved one or a serious event in which causes oneself to re-evaluate life.**

## Here are some stats:

- Since 2014, there has been a decrease in protection policies from 29.3 million to 23.7 million in 2019.
- 10.96m households in the UK have mortgages.
- There was an average outstanding mortgage debt of £131,724 in November 2019.
- The average price of household bills for a year is £19,500.
- The average food bill per house per year is £3,150.
- 42% of people with a mortgage have no life insurance in place.
- £9,493 is the average cost of dying in 2020, 3.1% higher than in 2019.

With all of this, we are still reluctant to get covered, as most of us see life insurance as a luxury and not a necessarily as a necessity. We protect our phones, cars, houses, and we even protect our pets, but we will take the risk of not covering ourselves, thinking we will be able to do it later in life. What we need to realise is the only moment we have is now, as tomorrow is not promised. As an adviser with over 8 years' experience in the business, I can honestly say that there have been numerous times when a potential client has put off sorting a policy and then has contacted me once a life changing event has occurred. This is backwards in our thinking and I think a more proactive stance needs to be taken towards protection. Have you ever heard the saying 'prevention is better than a cure'?

You will find that currently life insurance is easily accessible and is usually advertised as cheap and cheerful. Although, this may be true in certain cases, life insurance shouldn't be chosen by how cheap you can get it. Instead, it should be assessed by the benefits that come with the policy being put in place. Proper advice from an experienced protection adviser should be sought if you have been thinking about protecting yourself, loved ones or your business.

**The average male's life expectancy is: 79.2**

**The average female's life expectancy is: 82.9**

In my experience most clients who have a policy in place usually have terms of 10, 15, 20, 25 or 30 years with their current policy due to expire at retirement age. If we take the average life expectancy into consideration, then we have a current shortfall of at least 12.2 years for men and 15.9 years for women. Therefore, an experienced adviser is important to identify these shortfalls and the needs of the client not just in the interim but when looking at the long-term plan.

Life insurance and protection is much more than a 'nice to have', it's a necessity.

At Life Ensure, we have experienced advisers who will take you through that journey and provide the best options for whatever your situation.

## We specialise in protection for:

- Life Insurance
- Critical Illness
- Income Protection
- Mortgage Protection
- Whole of Life
- Over 50s and Adverse Medical Conditions
- Family Protection
- Business Insurance
- Key Man Insurance
- Health Insurance



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From the boardroom to whiskey & wine tasting to catwalk shows, we like to shake networking up. Our exclusive events give you the opportunity to grow your business and meet our connections in a relaxing environment at our award winning venues.

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