

finance matters

Sensible salaries



It is important to have a considered and coherent approach to staff wages, says **Sian Nisbett**...

As a business, it is necessary to set a pay-scale that remains affordable while adequately rewarding staff. Due to employment law regulations, you must be careful to ensure remuneration for workers remains fair, and a formal salary scale does this effectively. Having a structured pay-scale will help managers (those who typically do the 'hiring') by giving them a clear guideline of what is acceptable. It will also avoid a mistake that I made many years ago of paying hugely over the odds for a certain staff member because she seemed so brilliant in her interview and I just had to have her in the management team!

To begin with, set up a grid and list earnings bands (as per the HMRC minimum wage guidelines) along with qualifications and experience brackets. Research the local market by looking through job adverts and pinpoint a realistic salary for each bracket (see below).

Some brackets do not require any figures: for instance, you would not have a Level 2 Manager. Similarly, we have an internal policy in my business that all of our room leaders must be Level 3, so that negates the need for a Level 2 Room Leader salary column.

You know the market that your nursery



about the author
Sian Nisbett is the director of Dizzy Ducks Day Nurseries Ltd, an 'outstanding' provider which operates four settings in Essex. Visit dizzyducks.co.uk

operates in. Your salary structure should reflect many things such as the size of your company, your physical geography in the country, how healthy your business is at the moment. A good starting point is to see where your current staff sit in this grid and check their salaries are comparable. Also consider the other benefits of your organisation. Do you offer any additional benefits to employees? A good example of this is the fact that my business offers massive childcare discounts to long-term employees. This has a cash value to staff and should be considered in addition to financial remuneration.

On setting your salary bands, you must consider carefully if you wish to pay over the odds, meet the current salaries in your area, or lag the market. This will impact the quality of staff you attract. There are obvious benefits to being the market leader with salaries inasmuch as you will attract a greater number of

applicants per advertised role and therefore have better choices when it comes to recruiting. However, consider the impact that higher salaries mean – less cash to spend in the business on the children – and this begins to look less attractive. If it's not sustainable, don't do it. Consider other ways to reward staff.

Marketing makes sense



REACHING NEW AND EXISTING CUSTOMERS IS VITAL, SAYS JOHN WALKER, NATIONAL CHAIRMAN,

FEDERATION OF SMALL BUSINESSES...

In tough economic times cutting back on your marketing budget might seem logical. However, provided the fundamentals of your business are sound, maintaining or increasing marketing spend is often vital in keeping hold of your customers

That's certainly the view of many FSB members. In our 'Voice of Small Business' survey of almost 11,000 small firms, almost a third planned to increase marketing activity in 2012, whilst 16 per cent thought a lack of marketing skills is a barrier to growth.

Putting a marketing plan in place will help to provide clarity as to what you expect it to achieve for your business. It should also assist in developing your unique selling points that will give your customers a reason to choose you. These are vital elements in your campaign to help increase sales and revenue. Ensure you consider market segmentation, how your product differs from others, customers, competitors, pricing and sales strategies. These will help to develop your brand and build customer loyalty.

Knowing what your customers want enables you to match your services to their needs. Talk to current customers and ask them why they chose you and try to get feedback from people that didn't. Without your customers, your business becomes defunct, so remember during the tough times to not only provide incentives for new customers but also to reward the loyalty of your established client base.

Whilst there is no limit to what you can spend on marketing, it's wise to remember that perhaps the single best marketing tool – word of mouth – is free. An endorsement from a customer is the single most effective way of gaining another.

The FSB is the voice of small business in the UK. For more information on becoming a member, visit fsb.org.uk

58%

PROPORTION OF SMALL BUSINESSES LOOKING TO GROW OVER THE COURSE OF 2012

SOURCE: FSB MEMBER SURVEY 2012

	Level 2			Level 3			Level 4	EY Degree
	16-17	18-20	21yr+	16-17	18-20	21yr+		
Trainee								
Qualified								
Qual 1+								
Qual 2+								
Qual 3+								
Qual 4+								
Room Leader								
Deputy Manager								
Manager								