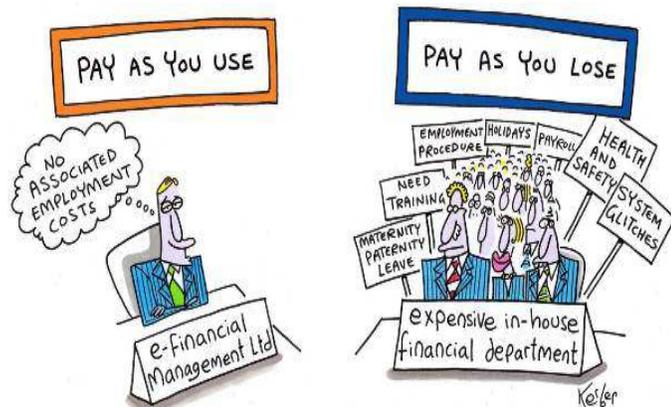


The Efficiency Of Employment Survey 2011

**Can employers afford to be
counterproductive in these harsh
economic times?**



A report by the eFM Network

[e-Financial Management Limited]

December 2011

WHAT'S HAPPENING AT WORK?

The eFM Efficiency Of Employment Survey 2011 reveals low staff efficiency rates with employees spending only 55% on the job

Specialist financial management company finds that permanent employees in financial management roles are spending a significant amount of time on non-core jobs, and just about half their working time doing the actual job they were employed to do. According to survey results released today by e-Financial Management, employees in finance roles are spending only 55% of their working hours on core responsibilities. The results show how counterproductive full-time employment models can be with employers paying their staff not to work efficiently or in areas not relevant to their employment.

HIGHLIGHTS



Only 1% of respondents responsible for a finance function spend 100% of their working time on their core function. **The average utilisation rate for the other ninety-nine percent is 55%**

98% of respondents in finance roles take a holiday annually and of these, 35% take 30 days or more off work.

54% of those in financial management roles spend at least half an hour on internet usage not connected to their job during the day.

83% of financial management specialists including Finance Managers and Finance Directors spend up to one hour on administrative duties during the day including planning diaries, booking travel, making drinks and other such activities.

59% take sick leave during the year. It is worthy to note that 1% of respondents do not take any leave during the year and have never taken any time off during their working life.

88% of respondents in finance teams spend at least half an hour a day on banter, non-core communications, emails, letters and letters. Of these 2% spend about two and a half hours on this.

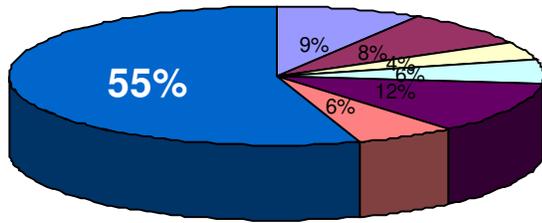
88% of respondents spend up to 20 days a year on self directed learning, courses and seminar and are away from work 'for good reason'.

Direct full-time employment has in the past, been the preferred recruitment route for many employers, but with alternative routes becoming more popular, legislation becoming more stringent to the detriment of SMEs and employees increasingly having to multitask and spend less time on core responsibilities that outline the basis of their employment, many business owners now question the efficiency of employment. More favourable productivity-based employment models will now be of critical importance especially in the current economic climate..

Gary Jesson, MD of the eFM Network commented that the results confirm that eFM's approach to providing a flexible, scalable financial management resource focused on the core activity of running the finance function is the way ahead for growing companies. 'It allows employers to avoid complex employment legislation and gives them a cheaper and more efficient resource than employing a full time member of staff'.

OUR SURVEY SHOWED:

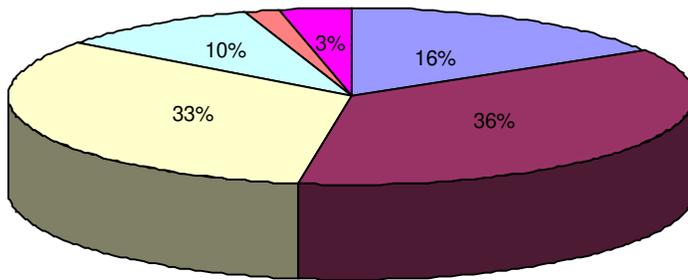
UTILISATION RATE



- HR
- IT
- INSURANCE
- PROCUREMENT
- ADMIN
- OTHER NON-FINANCE RELATED DUTIES
- CORE FUNCTION- FINANCE

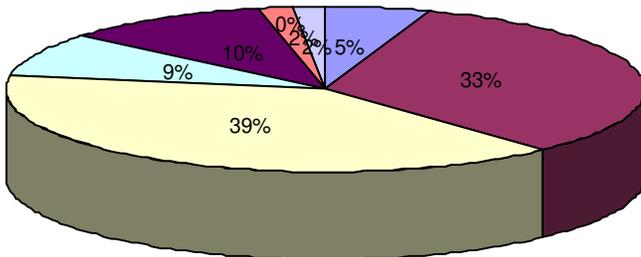
Usually work 12 hours a day plus 3-4 hours drive

Travelling Time Per Day



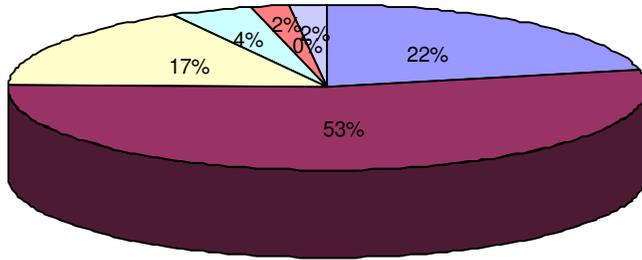
- None
- About 30 minutes (Half an hour)
- About 60 minutes (One hour)
- About 90 minutes (An hour and a half)
- About 120 minutes (Two hours)
- About 150 minutes (Two and a half hours)
- About 180 minutes (Three hours)
- More than 180 minutes (More than three hours)
- I work more than a 7.5 hour day and have additional comments below
- Please provide additional comments

Phone Calls Per Day



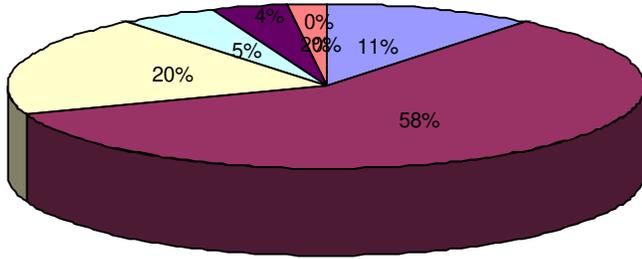
- None
- About 30 minutes (Half an hour)
- About 60 minutes (One hour)
- About 90 minutes (An hour and a half)
- About 120 minutes (Two hours)
- About 150 minutes (Two and a half hours)
- About 180 minutes (Three hours)
- More than 180 minutes (More than three hours)

Internet Usage Per Day



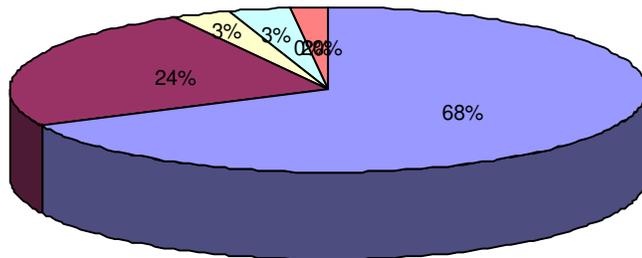
- None
- About 30 minutes (Half an hour)
- About 60 minutes (One hour)
- About 90 minutes (An hour and a half)
- About 120 minutes (Two hours)
- About 150 minutes (Two and a half hours)
- About 180 minutes (Three hours)
- More than 180 minutes (More than three hours)

Banter, Texts, Other Non-Finance Communications Per Day



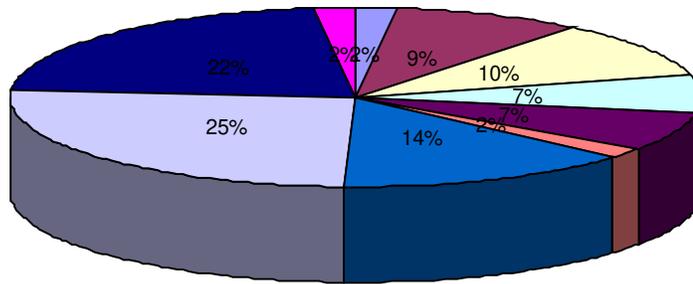
- None
- About 30 minutes (More than half and hour)
- About 60 minutes (An hour)
- About 90 minutes (An hour and a half)
- About 120 minutes (Two hours)
- About 150 minutes (Two and a half hours)

Making Drinks , Planning Diaries, Booking Travel And Other Administrative Duties



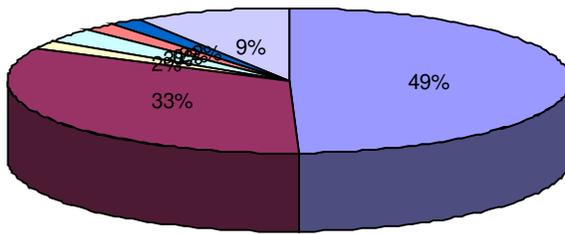
- About 30 minutes (Half an hour)
- About 60 minutes (An hour)
- About 90 minutes (An hour and a half)
- About 120 minutes (Two hours)
- About 150 minutes (Two and a half hours)
- About 180 minutes (Three hours)
- More than 180 minutes (Three and a half hours)

Holidays Per Year



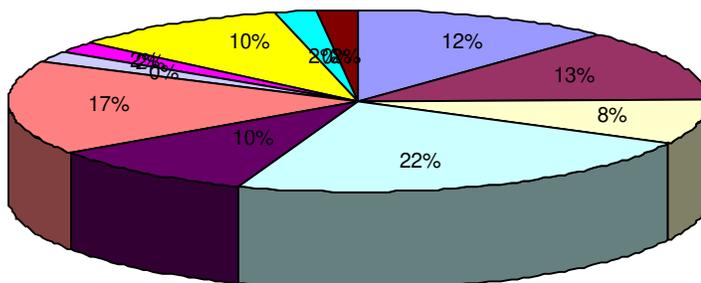
- None
- About 5 days a year
- About 10 days a year
- About 15 days a year
- About 20 days a year
- About 23 days a year
- About 25 days a year
- About 28 days a year

Attending And Preparing For Meetings



- About 30 minutes (Half an hour)
- About 60 minutes (An hour)
- About 90 minutes (An hour and a half)
- About 120 minutes (Two hours)
- About 150 minutes (Two and a half hours)
- About 180 minutes (Three hours)

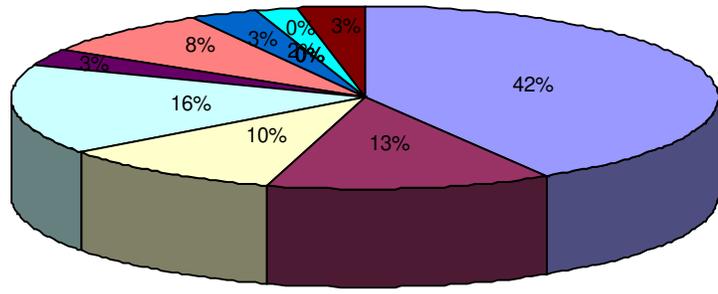
Approved Absences (Course, Self-directed Learning, Seminars etc) In A Year



- None
- About 1 day a year
- About 2 days a year
- About 3 days a year
- About 4 days a year
- About 5 days a year
- About 6 days a year
- About 7 days a year
- About 8 days a year
- About 9 days a year
- About 10 days a year
- About 20 days a year

I have not taken a single day's sick leave in the whole of my working life - almost 40 years.

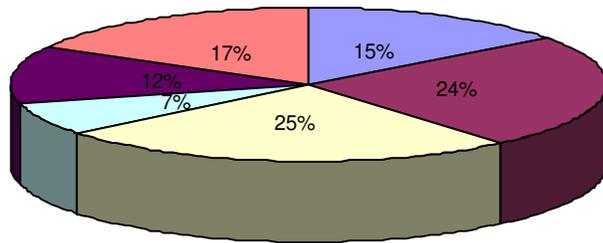
Sick Leave Per Year



- None
- About 1 day a year
- About 2 days a year
- About 3 days a year
- About 4 days a year
- About 5 days a year
- About 6 days a year
- About 7 days a year
- About 8 days a year
- About 9 days a year
- About 10 days a year
- About 20 days a year
- More than 20 working days a year

BONUS QUESTION

What Is Your Company Policy On Providing Temporary Cover (Parental, Sickness & Holiday Cover)

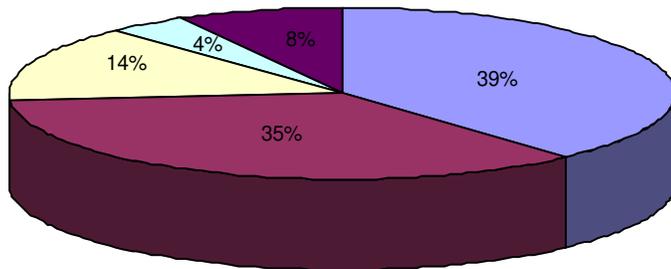


- Bring cover immediately
- Bring cover after a period of time (Please specify time frame)
- Just make do with available resource?
- Consider outsourcing any aspect of your finance function?
- I have no idea

Most policies seem to be ad hoc & miserly

BONUS QUESTION

Where Would You Get Additional Cover From?



- Within organisation
- Recruiter/ Interim Agency
- Accountants
- Linked in
- I have no idea

Over time, a considerable amount of research has been conducted on a wide range of emerging employment trends. This year, e-Financial Management took on the finance angle to uncover the amount of time spent carrying out 'permanent employment activities' in this role.

This 'Efficiency Of Employment' survey comes at an exciting period for the SME market especially with slight improvements in perceived market sentiment and obvious efforts of SMEs to reclaim their position as a major economic driver. The current turbulent market environment has seen many SMEs try to balance their immediate need to survive with a strong desire to deliver differentiating value to clients, while being increasingly efficient. This fighting spirit has helped many businesses overcome the various hurdles that the current economic environment presents in spite of increasing regulations and costs. For SMEs, especially with respect to financial management roles where experience and seniority are critical, efficiency is even more of an issue in its survival strategy as the rewards are higher and directors expect input and contribution to justify the remuneration.

The survey which was aimed primarily at accountants and other individuals in finance roles, reveals that the amount of time spent on core financial management activities can be as low as 55%, and a true understanding of this figure it seems, could spur a different approach to employment from a direct recruitment model to an outsourced/insourced model where employers pay for only the hours worked on direct responsibilities. This may soon mean that for many, permanent employment could lose its appeal. To further compound issues, the British Chambers of Commerce recently revealed that the net cost of new regulatory requirements to business between April 2010 and April 2014 is £25.6bn, with no less than 8 major changes in 2011 alone.

Insourcing As An Option:- Bearing in mind the true cost of employment including associated expenses such as National Insurance, Pension schemes (which will now be compulsory from 2012), medical insurance, bonus or profit sharing rewards, and a multitude of other costs, it is therefore worth considering insourcing where a company only has to bring in resource when needed and pay for the actual time spent on job and not for multiple levels of a permanent in-house finance team or risk the loss of control of the delegated function.

Insourcing, compared to other business strategies such as outsourcing and offshoring is becoming a more favourable option as it entails 'contracting in' the finance role and having controlled access to a high level of financial management expertise. With this solution, clients can get exactly the mix of skills they need instead of settling on the compromise of employing a single staff member who may be under or over-qualified for the finance work that needs to be carried out.

SMEs and high growth companies especially, are increasingly using insourced solutions to carry out financial management activities in order to transfer risk, management and compliance to third parties on a part-time or temporary basis. To satisfy the growing demand for this service model, a range of specialist financial management companies now offer unique, cost-effective solutions for ongoing or project financial management

requirements that cover all aspects of the finance function including bookkeeping, payroll administration, financial control and reporting, system selection, credit control, budgeting and forecasting; they can also be present at audit, investor and board meetings and investor meetings. These roles can be delivered in their entirety by either a fully insourced financial management service or more typically by a combination of client staff and the insourcing company (offering composite skills) which will enable the client to focus on other areas of the business while utilising and paying for high financial management skills. Such organisations also offer a range of services to businesses that need a financial outlook outside the scope of traditional accountants including financial health checks and due diligence reports.

It has been proven with various studies that alternative solutions such as financial management insourcing and outsourcing show distinct value propositions to include: -

- Cost savings – The process can reduce the cost of running a company finance function by between 20- 50%.
- Improved reporting – The process makes the reporting procedure more accurate, with improved delivery and speed of reporting.
- Better results – The process provides greater process transparency in line with the latest reporting standards recommendations.
- Better focus – The process enables more emphasis on corporate strategy by management team.
- Areas such as bad debt exposure and cash flow are vastly improved.
- Better allocating job requirements between appropriate skill levels and thereby lowering costs

Cost reduction is still the key driver for most businesses to outsource or insource but interestingly senior managers are now recognising the other benefits of outsourcing such as access to best of breed resource and technology. For many, permanent full time employment may truly become the last resort. It may be time for many companies now to explore the full benefits of insourcing their finance function to specialists

KEY FINDINGS:

Utilisation rate

HR (%)	IT (%)	Insurance (%)	Procurement (%)	Admin (%)	Other (%)	Finance (%)
8.8	8.67	3.72	6.25	12	5.85	54.67

Average rate of utilisation shown to be about 55%

Sick leave

None	1 Day	2 Days	3 Days	4 Days	5 Days	6 Days	7 days	8 days	9 days	10 Days	20 Days	Add comments
41%	13%	10%	16%	3%	8%	3%	0%	0%	0%	2%	0%	3%

This is quite interesting as a previous study conducted by CBI in 2009 revealed that employees took an average of 6.4 days off through sickness and the percentage of respondents who now take 6 days off in the year is only 3%. Is this a sign of the times where more employees are taking holidays in lieu of sick leave or just working through an illness to retain their jobs.

Banter & Non-Finance Related Communications (Including texts, emails, letters)

None	30mins	60mins	90mins	120mins	150mins	180mins	More than 3 hours
11%	59%	20%	5%	4%	2%	0%	0%

This is exactly what it says here- that a significant 2% spend two and a half hours on banter and non-finance related texts, emails and letters

About eFinancial Management

eFM Financial Management is an outsourcing/ insourcing company that offers an innovative approach to financial management for the SME marketplace by providing high levels of financial management expertise on a pay-as-use basis. The company provides support from payroll management and bookkeeping to board-level Finance Director services on a flexible pay-as-you-use basis. e-FM's philosophy is based on a three-pronged model, with its **depth and breadth of resource**, an **insourcing approach** to provide more efficient and flexible solutions and **web-based online50 software** to facilitate remote accounting. This three strand approach is the model which differentiates e-FM from the traditional firms of accountants and direct competitors. E-FM is currently expanding its network of finance specialists across the country by licensing self-employed finance professionals to operate under the e-FM banner.

To find out more, please visit www.efm-network.com or email chinwe@efm.uk.com. You can also visit the parent site at www.efm.uk.com