



Driving Growth in Small Businesses

How UK SMBs can transform communications & culture
through technology to maximise their competitive edge



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"It's not the size of the dog in the fight,
it's the size of the fight in the dog."

Mark Twain



Nick Hedderman

Director, Modern Workplace
Business Group, Microsoft UK

Attitude and ambition count for a lot more than a business's headcount. We're deeply committed to helping small-to-medium businesses (SMBs) capitalise on their spirit and will-to-win, so they can thrive. And it's vital for the UK economy that they do so - perhaps now more than ever. The most recent figures from the Federation of Small Businesses show SMBs account for 99.3% of all private sector businesses, make up 60% of the nation's private sector employment and have a combined annual turnover of £2 trillion.

Our mission is to help these people and their organisations achieve more. And because technology has so transformed the way we live, work and connect with others over the last three decades, ensuring SMBs can harness this technology to drive productivity is vital to that mission.

Yet technology by itself, or for its own sake, achieves little. Rather, it must be designed around humans, based on an understanding of how people really use it, as well as how we work together.

This was one of the reasons why we partnered with YouGov to survey more than 2,000 UK SMBs, as well as speaking individually to small business leaders and their staff, to better understand their outlook, challenges, the way they work and communicate, and how they're using technology to achieve their goals.

As you will see for yourself in this report, the findings provide some fascinating insights into

how Britain's SMBs function. Yet there is cause for concern. We discover a notable disconnect between UK SMB leadership and employees in key areas related to communications, vision, and culture.

Not only is this kind of breakdown bad for business, it's particularly concerning for SMBs, for whom it's commonly accepted consist of more tightly knit teams that face less bureaucracy - both considered to be an advantage in the competition against larger enterprises when attracting and retaining talent.

In this report, we detail these challenges and many more - as well as offering practical advice from Microsoft and fellow SMBs about how, with the right tools, technology and management, these challenges can be overcome.

As such, we believe there is much for UK small businesses to feel optimistic about, despite a challenging economic climate. Gone are the days when only larger companies have access to sophisticated communications and collaborative technology. This "democratisation of technology" is a major boost, and in some ways helps level the playing field for SMBs - if they can take advantage.

Smaller businesses must work to stay agile, with flatter organisational structures that help keep communications and information flowing, supported by a more open, digital environment that makes work visible, integrated and accessible - across the team - so everyone can stay in the know. If we can achieve this together, then we can say with confidence, economically *and* culturally - the best is yet to come.

N. Hedderman



A Divided Culture in Dangerous Times

The current state of play for UK SMBs

Life is never easy for small businesses. They must deal with all the same problems enterprises face, often with a fraction of the resources. And at the time of writing, they are doing so in the face of unprecedented economic and political uncertainty. According to Dun and Bradstreet's research with Censuswide, 35% of small to medium businesses have cancelled or postponed expansion plans due to Brexit uncertainty and 72% aren't planning on increasing capital investment.

Nor are all the usual challenges going away anytime soon. More than a third (36%) of SMBs say regulation is the biggest barrier to growth. The Federation of Small Businesses (FSB) reports that confidence has been in overall negative territory for four straight quarters, for the first time in the history of its Small Business Index – which means less than half of all SMBs expect to grow in the current climate.

Even the good news doesn't sound so promising when you dig under the surface. While SMB turnover has grown by 17% since 2010, this is merely in line with increased SMB employment, which has gone up by 18%. Job creation is always welcome, but if economic output isn't rising faster than employment, it means SMBs aren't becoming more productive on a per-employee basis. Hardly what we'd want to see after a decade of continued technological progress. Working longer hours is unlikely to be the answer either. 35% of SMB owners work more than 50 hour weeks, while 16% admit they never take a holiday.

35%
of SMB owners work more
than 50 hour weeks

Despite these challenges, there's one area where SMBs are said to have an edge over the big corporate competition: culture.

In this context, we're taking culture to mean a set of deeply ingrained beliefs and rituals that act like the glue sticking an organisation together. Led by accepted group norms and behaviours, it's something that unites individuals in a sense of belonging and joint purpose. Above all else – it's how staff act, how they treat each other and how they work together as an organisation.

SMBs are viewed as having an advantage here because they're less encumbered with large corporate hierarchical structures and organisational systems. With shorter decision-making chains, smaller companies can respond to the environment and employees needs and ideas faster. There are typically also more opportunities for face-to-face communication, flexible working conditions and, due to fewer staff, more tightly knit teams.

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culture.

“I've worked inside both large global corporations and small businesses. There is a long list of benefits and advantages I think you have as an SMB, but there are obviously downsides too. In my experience, small companies give you greater flexibility and easier decision-making. I think you're a lot more alert to what customers are saying to you and I think you can motivate and retain your team more easily. If you can develop a strong, focused offer, with a good target customer base, while developing clear differentiators against the bigger companies out there, you can really carve out quite an effective niche quickly – and that's a fun thing to do.”

Adrian Lloyd, CEO, Interact Analysis

“Part of what makes SMBs unique and able to grow and thrive is the fact they are nimble – they’re fleet of foot and able to react very quickly. Typically, there’s no great big decision-making process – if the owners want to tweak something or bring out a new product, they’re able to work really, really quickly. Clearly many have got boards and proper management structures, but they probably don’t have complex compliance departments for example.

It’s an absolute advantage. In a small business you could have a product or service idea in the morning – funding and those kinds of issues aside – and you could in principle bring that product to market in the afternoon! SMBs can definitely get a first-mover advantage and could be as much as six months or a year ahead of the corporate competition.”

Richard Alvin, Founding Chairman, Audere Capital

This advantage, if it can be seized – is a major one. As Peter Drucker, a management consultant and business author, said: “*Culture eats strategy for breakfast*”. Drucker didn’t mean strategy isn’t important, rather just that a culture that empowers staff, makes them feel like they’re all on the same team, which motivates them to all pull in the same direction – is most important of all.

A business’s culture has also been described as “*the behaviour of leadership*”, which is to say that how leaders act and treat their teams, is a huge factor because it communicates to all employees the standards they can expect, and what is expected of them. Culture and communication are deeply intertwined. In part, culture is how staff communicate with each other, and communication is how you establish and maintain your culture.

Given the importance of SMBs to the UK economy – they account for 60% of all private sector employment and 47% of all private sector turnover – it’s clear the competitive edge provided by a strong culture and best practice communication, is not one any business can afford to surrender.

As such, Microsoft committed to developing an in-depth understanding of the current landscape of UK SMB culture and communications, from the perspective of staff and leadership alike. It is hoped that the insights gathered will prove useful in helping them improve performance in those areas they can control.

A worrying disconnect

As part of these efforts to investigate the inner workings of SMBs and explore the role of communication and modern ways of working amongst these organisations, we surveyed over 1,000 SMB leaders and 1,000 SMB employees. The findings revealed a worrying disconnect between SMB leaders and the workforce when it comes to purpose, passion and communication.

Firstly, while 85% of SMB leaders agree employees perform much better when empowered with information and more than three-quarters (79%) say they share as much information as possible, just 36% of employees say their organisation has a culture of transparency. We’ll address this issue in more detail in *Chapter 2: The Importance of Transparency*, yet it sums up the essential tension holding UK SMBs back.

“We know how important a strong, consistent culture and clear communication is to all businesses, but especially SMBs, given it can be a more unique strength for them. A disconnect of this magnitude between staff and leadership can only lead to teams feeling frustrated, disempowered, and less capable of making sound, informed decisions.”

Nicolas Charritton, Microsoft 365 Small & Medium Business Lead



In Simon Sinek's famous TED Talk on how great leaders inspire action, he advised aspiring leaders to "*start with why*", because people are inspired by a sense of purpose (or "Why") above all else. So this question of "Why" should always come first when communicating, before "How" and "What".

Our findings show this recommendation is *highly relevant* to UK SMBs today. That's because leaders are clear their motivations for joining an SMB were the "opportunity to do things differently" (31%) and also, the often unique culture and community atmosphere they offer (26%).

Yet when it comes to employees, these figures decrease – only 14% say that one of their motivations for joining an SMB was for the opportunity to do things differently, and 18% joined to experience a unique culture and community atmosphere.

Our survey also found half (50%) of all SMB employees couldn't name a particular reason why they chose to join their organisation, compared to 71% of SMB leaders that *could* say why they joined an SMB.

Could there be a correlation between staff motivation, culture and knowing *why* they have chosen to work, where they do? Here's what Chris Turnidge from Monmouth Partners, a specialist independent healthcare advisor, had to say on the matter when interviewed as part of the qualitative research for this report:

"I think the culture we've got in our company is one of the main reasons I'm here – and why I stay here. It's because we all work really hard; we all have control over our own destiny and we're all contributing to driving this small company, trying to improve it and grow it. Being a part of that, feeling together and achieving that, it keeps us all motivated."



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Chris Turnidge, Senior Consultant,
Monmouth Partners



An untenable future?

The purpose of this report is to advise SMBs, the backbone of our economy - and the cornerstone of local communities across the nation - on the impact this cultural disconnect between staff and leadership could be having on their business, and what they can do about it.

Right now, far too many SMB employees aren't clear on the direction of the organisation they work in, and

don't feel that they personally can make a significant impact. All of which, without question, negatively impacts both their ability and motivation to get the job done.

In the next three chapters we will share the findings from our research, alongside practical advice about how smaller businesses can harness their most valuable asset – their employees – and find ways to communicate

collaboratively to overcome the challenges they face, including:

- ✔ Why transparency is so important
- ✔ How to create an authentic, shared company vision
- ✔ The most effective ways to encourage staff & leadership collaboration



The Importance of Transparency

Knowledge is (em)power(ing)

Transparency has become a watchword for brands everywhere, as consumers have demanded ever higher standards of honesty and ethical practice – and expect proof that these standards are being adhered to.

36%
of employees say their organisation has a culture of transparency

It's becoming increasingly important within companies too. The 2019 Edelman Trust Barometer found "my employer" to be *the* most trusted institution – significantly more trusted than NGOs, business generally, government and the media.

Multiple studies have found an extremely strong correlation between transparency and employee happiness, considering it to be the number one factor in ensuring employee engagement. It's also clear that employees in large enterprises value different things to SMB employees – specifically SMB employees place more emphasis on a company with a purposeful mission, open and effective management, and having a role that meaningfully impacts the company's success. The latter of which Chris Turnidge alluded to in the previous chapter, the sense of being "all in it together", which is often something small businesses can offer to employees, that larger companies can't.

It's not what you say, it's what they hear...

Given the value of SMBs to the UK economy and the pressure they typically operate under, SMBs need to be taking advantage of every competitive edge available to improve staff performance, as well as attracting and retaining top talent.

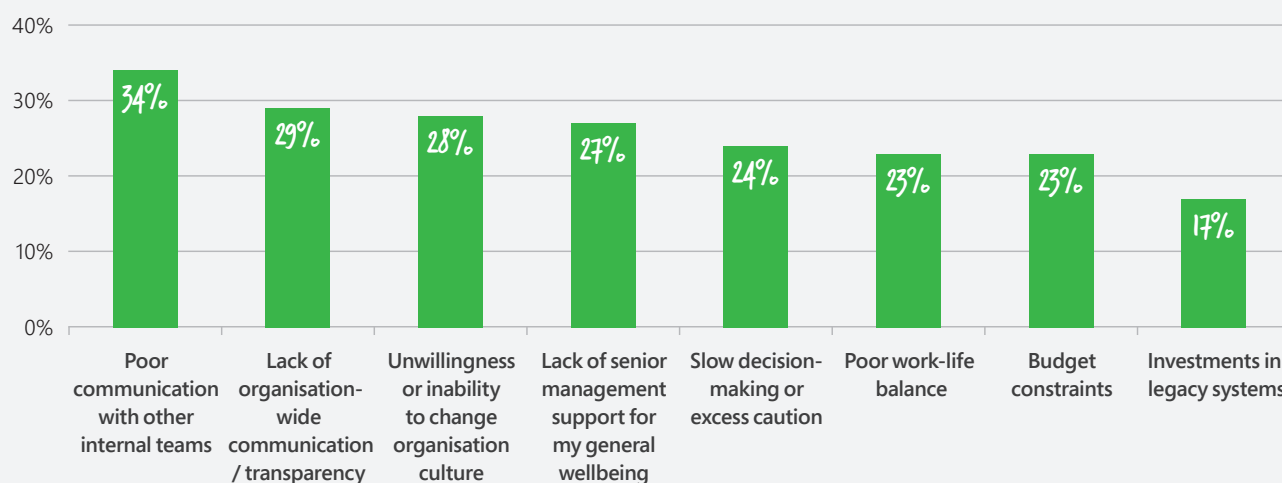
Meeting staff expectations for greater transparency would be one of the most important ways to do so – and our research shows this area is one where the majority of SMB leaders believe they're doing the best they can. More than three quarters of leaders (79%) say they share as much information as possible with their employees and 85% agree employees perform much better when empowered with information.

But, despite these efforts, only 36% of employees say their organisation has a culture of transparency between leaders and employees. Even more concerning is the finding that just 15% believe their organisation has clear communication, full stop.

There's no question that this situation, perceived or otherwise, is having negative knock-on effects.

When asked to list causes of stress at work, SMB employees placed poor communication with other teams top (34%), with lack of organisation-wide communication second at 29%. Remarkably, this is a bigger source of stress than poor work-life balance (23%) and is leading 45% of employees to make decisions at work *without* the information they need.

Top causes of stress amongst UK employees



What prevents a culture of transparency?

The typical barriers to communication and transparency can be grouped into three different areas.

“In a small business it’s all too easy to stop proactively communicating when things get busy. This is especially common when you’re growing rapidly – which is a good problem to have but one you still have to deal with. When there was six of us it was easy to meet up for a coffee and make sure everything was explained to everyone clearly. Now there’s 29 of us and we’re spread across the country, so maintaining that ability to communicate transparently and effectively is essential to keep different departments in the loop.”

Josh Clarke, Director of Coffee, Clifton Coffee Roasters

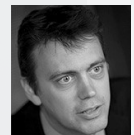
Technological barriers: From intranets and internal social media to email, having the right comms platform can make all the difference when trying to ensure important information gets shared. But it’s not a case of simply rolling it out and assuming it will be adopted. If technology is difficult to use, too fragmented, or not supported with training programmes, the chances that staff won’t use it increases. Some good news from our SMB survey was that 76% of employee respondents say they *do* receive training when new technology is being rolled out.

For example, getting to grips with different client processes and tools whilst maintaining consistent internal team communications had been a challenge for Monmouth Partners. The use of Microsoft Teams has provided a platform for teamwork for all employees, allowing them to communicate easily regardless of the client project they are working on:

“We have a lot of clients at different sites – which means our people can get called from one site to another at very short notice. So, where people think their colleagues are is often not where they actually are! Since we’ve been on Teams, you can just go on there and see where you are this week, next week, and where everyone else is too. This helps us operate as a team and stay in sync with each other, no matter where we are, or what we’re working on.”



Andrew Lawrence,
Managing Director, Monmouth Partners



Structural barriers: If staff are often in different locations, operate at different levels of hierarchy, or at different times of day, as well as having different specialisms – these are all examples of organisational structural barriers that can disrupt the flow of information. The more barriers you have, the more deliberate and proactive small businesses will have to be in overcoming them.

Human barriers: It's easy to think you've shared some information successfully when, say, you've written a detailed document and emailed it round, when the truth is that humans can all process information very differently, and need to be communicated with differently. Senior members of staff can also unwittingly become an information bottleneck.

34%
of SMB employees cite poor communication with other teams as a top cause of stress

"I'm one of five founding partners in our business, which is an international market research provider. I'm a UK national and spend two months of the year in England and 10 months living in Austin, Texas. Three of the other five partners are UK-based, and another is based in China. When we were setting up, we immediately had five directors in three different locations, so we had a global footprint – which is what you need to be credible when you do the type of work we do, especially in technology and manufacturing.

At first, I was sceptical about the chat function of Microsoft Teams, but as it turns out – I really like it, because all of your conversational history stays there as a roll-up feed which you can go back and look through. It also allows you to intuitively drop graphs and figures into the chat line. For example, I was building a forecast with a colleague the other day and they were just dropping in sample pictures from an Excel file they were working on. I could just instantly look at it without having to share screens or do anything like that; I thought this was a brilliant feature which we didn't have before."



Adrian Lloyd, CEO, Interact Analysis



"I think the human elements of transparency can present the biggest challenges. It is in our nature to be nervous about sharing too much or the wrong kind of information, which can lead to a kind of cloak-and-dagger atmosphere even though people are well-intentioned. People also make assumptions very easily, and misinterpretation can create a toxic atmosphere pretty quickly. When you're inside a company it can also be hard to notice this happening.

This is why the people at the top have to be completely honest – or as honest as they possibly can be, to help set the example for staff. As well as being open to external expertise and an objective view of whether your company culture is changing for the better or worse."



Naomi Timperley, Co-Founder,
Tech North Advocates



Practical tips for increasing transparency



Having multiple, proliferating communications platforms and tools is not a workable solution for driving long-term improvements in the efficiency of how staff find and share information. Whatever they're searching for is too easily lost amongst the deluge of information people have to manage each day. Ideally, having a central repository that is always accessible, which can be organised so that top priority information isn't missed is essential. Monthly company meetings can be supported with an announcements channel on internal digital platforms, so leaders can guide employees to the right information, somewhere they can easily locate, while having the option to digest it at a time more convenient to them.

Staff also get frustrated when having to use too many overlapping and disjointed applications – this makes collaboration feel like a complex, time-consuming effort, rather than a slick, intuitive all-in-one solution. People hate having to waste time locating files, remembering different logins, or switching between apps.

For example, one of the key standards Microsoft aimed for when developing Teams, was that new employees will only have to sign in to and learn one new programme instead of six, and they won't have to toggle between apps. With fewer barriers to navigate, staff can focus on what matters most: their work. Thanks to complete Office 365 integration, SMBs don't have to worry about managing multiple services or shadow IT issues either, something which can be a huge strain without the support of a dedicated IT team.

While having fewer platforms is a good way to simplify the information sharing process, businesses should still remember to communicate in a variety of ways. Every person is different, and over reliance on any one channel, whether it's instant messaging or conference calls, can effectively become a barrier to good communications and therefore transparency.

Modern comms and collaboration platforms should enable you to cut across organisational barriers by allowing private chats, group chats, or open group conversations that are visible to the entire team. This means teams are not hamstrung by relying on just one method. Instead they can come together and work in a way that best suits their culture or the task at hand. From chat and calls to smaller group video conferences and shared files, communications can be faster than ever before, from virtually anywhere and even with guests outside your organisation.

“ We shouldn’t lose the art of good old-fashioned verbal communication. For example, a company I work with has a complete hot desk operation, where people work from and sit wherever they like. If not managed properly this can weaken collaboration. You can end up with someone from Accounts sitting next to someone from Sales just because they get on and they’re really chatty, which is a great thing at times. But Sales teams also need to sit and work together sometimes, because of the shared energy, learnings and atmosphere from having a few of them in the same space at the same time.

Good technology should absolutely be used and embraced – but as a tool that enhances verbal and face-to-face communication. ”

Richard Alvin, Founding Chairman, Audere Capital



Checklist

What to look for in your teamwork tools:

- Unified communications
- Business application integration
- Customisation and scalability for teams
- Easy search for files, content and people
- Automation
- Ease of use for employees and IT
- End-to-end security

To learn more about the tools which are the right fit for your team visit: <https://products.office.com/en-us/microsoft-teams/group-chat-software>



Creating a Shared Company Vision

Earning staff buy-in & support

“ Vision has been a hot topic in business management and leadership for many years, and having a vision is very important. However, this doesn’t mean that every leader must be a visionary who’s able to predict the future with unerring accuracy. Rather, leaders are responsible for thinking about – and preparing for – the future, in advance. Part of the process for achieving this is listening to what people throughout your organisation, at every level, want from that future, and then feeding that back, incorporating it into businesses planning and strategy. ”

Nicolas Charrington, Microsoft 365 Small & Medium Business Lead

We’ve seen just how important it is to create a transparent company culture, especially given 85% of SMB leaders say employees perform much better when provided with the right information. Yet ensuring the message gets through is only half the battle.

Unfortunately, our research reveals the beliefs of staff and leadership are not in sync when it comes to a shared vision

There’s also the question of whether staff *understand and agree with what they’re hearing*, as well as feeling like they have a say in what’s going on. In other words – it’s about creating and maintaining a shared company vision, where leadership and staff are aligned, working towards the same goals.

Your Goal, or Our Goal?

Unfortunately, our research reveals the beliefs of staff and leadership are not as in sync when it comes to a shared vision as one would hope. While 70% of SMB leaders are confident they can fulfil their career ambitions working for a small or medium business, the figure drops to 49% when employees are asked the same question – a decline of 21%. Clearly, if SMBs can help more junior staff feel like they too have a positive long-term future in the company, this has major benefits for retention rates and supports the growth of leaders within the organisation.

Although 73% of SMB leaders feel they value the ideas and opinions of their employees, there’s a decline again when staff are asked the same question, with 54% of employees stating they feel their ideas and opinions are valued – a drop of 19%. The reason having a shared vision is so powerful is because it motivates people to all pull in the same direction, the more people at all levels feel they have a say in what that vision is, the more beneficial the effect.

54%
of employees state they
feel their ideas and opinions
are valued

"Time and time again we see that, for companies of all sizes, but especially SMBs - defining your culture and refining how you share information is absolutely key. It all helps leaders deliver on some of their most important responsibilities – fostering a business where employees feel they can contribute, engage and understand why they want to be part of the company."



Nick Hedderman, Director, Modern Workplace Business Group, Microsoft UK

On top of this, just 18% of SMB employees believe their organisation *even has* a clear vision or mission, compared to 44% of SMB leaders who say their organisation desires this to be the case. There's a close correlation between this difference in clarity of vision between job levels, and the clarity of communication between job levels. 49% of SMB leaders think there is "clear communication across job levels" in their organisation, compared to just 15% of employees. Addressing these issues will not only improve the focus of the company, but its management culture too.

The interviews we carried out with small business owners as part of this research underline how overcoming these disconnects requires a great deal of focused dedication and time from them.

Disengagement leads to departure

It's easy to predict what will happen if staff don't feel their opinions are valued or their voices are being heard. They begin to feel increasingly disconnected from the company's mission, which, if allowed to continue unchecked, inevitably leads to increased employee turnover.

Perhaps this is why, according to recent research from Aldemore Bank, 67% of SMBs are finding it difficult to keep existing talent within their company. The Aldemore Future Attitudes survey reports that retaining good members of staff is a specific concern for more than a quarter (26%) of SMB leaders, with a fifth admitting they currently have a problem with high workforce turnover. Most worryingly of all, more than one in four (29%) say they are experiencing an increase in staff leaving their business

compared to 12 months ago, and just under a quarter (24%) of bosses say outgoing staff are leaving their company to go to a larger organisation, in the same sector.

29%
of SMB leaders say they are
experiencing an increase in
staff leaving their business

“ You've got to make sure everyone in the business fundamentally understands what you're trying to do, and that, together, staff want to help achieve that same goal. This means hiring great people into the business, as well as giving them the tools and support they need to work together as well as they possibly can. **”**

Andrew Lawrence, Managing Director, Monmouth Partners



Practical tips for successfully creating a shared company vision



Share updates with regular "Town Hall" meetings

Support face-to-face comms with digital for review & written feedback



Ensure the right environment is provided for genuine discussion



One of the best ways to ensure staff feel involved in co-creating a company vision, is of course to involve them. Holding collaborative working sessions to create, define, or refine the organisations goals can be managed internally, or by external experts. Key questions to consider and discuss as a business are:

- What is your heritage: where do you come from, what's the history that makes you credible?
- What is your organisation's personality and attitude to life?
- What do you want people to feel and say about you, now and in the years to come?

By gathering evidence, facts and aspirations from staff at all levels of the organisation, you can craft a company vision that everyone will buy into.

Open, in-person forums from the most senior company leadership are a vital way to not only set out what the company goals are, but to explain the rationale behind them – and how all staff can make a difference. Encouraging people to speak up, by making it clear they are Q&A sessions will also help – the odds are, if one person has a question, others will have been wondering the same thing. Given our research found 29% of employees are stressed by a lack of organisation-wide communication and transparency: these kinds of open, in-person meetings where everyone is asked to attend are a brilliant way of directly addressing the issue.

Digital internal comms platforms can be a great way to support these in-person meetings for people that couldn't attend, and by providing a way for people to read and reflect on the material in more detail. SMBs can also create "Ask Me Anything" discussion boards about company goals, vision and strategy – empowering staff to post their thoughts and questions online.

People will prefer different ways to discuss and provide feedback. Some might be comfortable sharing their thoughts on a company's goals in a social environment, others might not be keen on posting questions online, or speaking up during a Town Hall. So, it's also a good idea to host one-to-one drop-in sessions between staff and leadership, or even an anonymous suggestion box using good old pen and paper.

As our findings reveal, 28% of employees are stressed by an unwillingness or inability to change organisational culture. Therefore, ensuring productive conversations can happen between leaders and employees - in a suitable environment - is of the utmost importance for SMBs.





How to Encourage Productive Collaboration

Combining the best that tech & culture have to offer

At Microsoft, we've learned from our own efforts to drive increased, high-quality collaboration – both in-person and through the adoption of new tools and technology. And it is a lot easier said than done. You can't expect people to work well together just because you put them on the same team, just as you can't expect staff to start using new technology and platforms just because they're there.

As we'll explore later in this chapter, successful change initiatives depend on clear communication from senior leadership alongside dedicated training initiatives to ensure employees understand why and how to approach new ways of working and feel optimistic about the process.

That said, SMBs should still aim to make the most of new technology and communications solutions because they are no longer just the preserve of established, or enterprise scale businesses – and can make a real difference when it comes to their success.

55%
of SMB employees feel
optimistic, confident or
excited about incoming tech

“During the start-up phase, new businesses need all the help they can get. Making the best possible use of technology, especially pre-revenue when every penny of investment matters, can make a big difference. Many technology companies, Microsoft included, offer free versions of their software. This is part of a conscious effort to help start-ups grow. From winning their first customer, or developing and launching their product and brand, to delivering high quality service on their first client project. It's vital they can deliver all this, even if they don't have the cash to buy the technology at first.

Crucially, this gives new businesses enterprise quality features from the start, enabling them to grow and deploy more of the potential solutions. As and when the organisation starts to drive revenue – it can then afford to build out the secure solution needed for employees and clients.”

Nick Hedderman, Director, Modern Workplace Business Group, Microsoft UK

Our research finds that many SMB employees don't feel their current culture is supporting meaningful collaboration

Finding the right mix

Our own SMB research finds that many of today's small business employees don't feel their current culture is supporting meaningful collaboration as well as it could. Specifically, 42% of staff describe communication among colleagues within their workplace as sociable and 20% go as far as saying it's unproductive.

The point is not that social communication is bad, or even that unproductive time spent with colleagues isn't valuable for company culture, rather it's that SMBs need to ensure they're providing the right mix of communications channels and opportunities to encourage meaningful collaboration.

"I'd recommend for SMB leaders - especially at the director level - to make sure they're seen and heard, while making sure they are listening to all their teams and proactively connecting them. For example, it's crucial for small businesses to get their product development, marketing and sales teams all talking and working together. Even just a 30-minute creative session on a Monday or Friday morning to keep the conversation going between different departments can make a huge difference.

You can't drive this if you're offsite all the time, and people won't meet up just because you emailed and asked them to. Virtual meetings and information resources are hugely valuable, but they should be used to support face-to-face meetings where directors are present too."



- Nick Hedderman, Director, Modern Workplace Business Group, Microsoft UK

61%



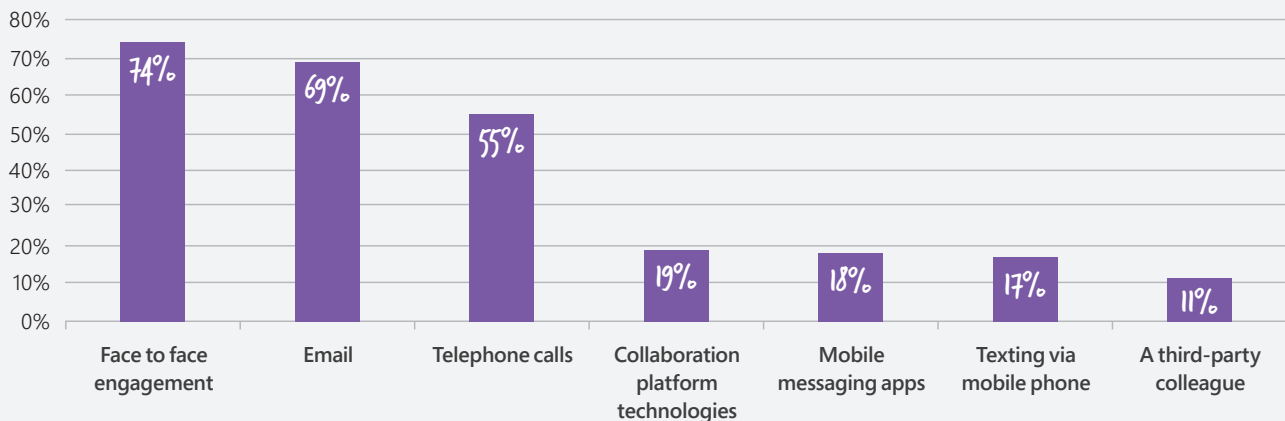
of UK workers blame
excessive emails for getting
in the way of their work

When asked what methods of communication they use on a daily basis, 74% of staff put face-to-face engagement top – which is a very encouraging result, followed by email at 69%, and phone calls at 55%.

However, the study also finds the usage of collaboration tools trails far behind all other

methods surveyed at just 19%. Given the email overload so many of us experience (a recent study found that 61% of UK workers blame excessive emails for getting in the way of their work), this feels like a significant missed opportunity.

Preferred methods of communication amongst UK employees



Demand + Tech Training = Unlocked Opportunity

Another indicator of this potential opportunity to improve collaboration is that - at all levels of the SMB workforce - there is a notable sense of positivity when it comes to new technology. 55% of employees feel optimistic, confident or excited about incoming tech, and 63% of SMB leaders feel similarly good about the benefits it can deliver. A significant amount (30%) of leaders want a technology platform to help them share information more easily with employees.

We also found, when asking what staff would spend £30,000 on if they were given this to invest in their company by management from a given list, nearly

a third of employees (29%) said they would spend it on new technology for the workplace, making it the 2nd most popular answer after investing in skills training, at 34%.

The fact that staff have a positive outlook towards new technology is greatly encouraging, but it's important to remember that it's not a silver bullet.

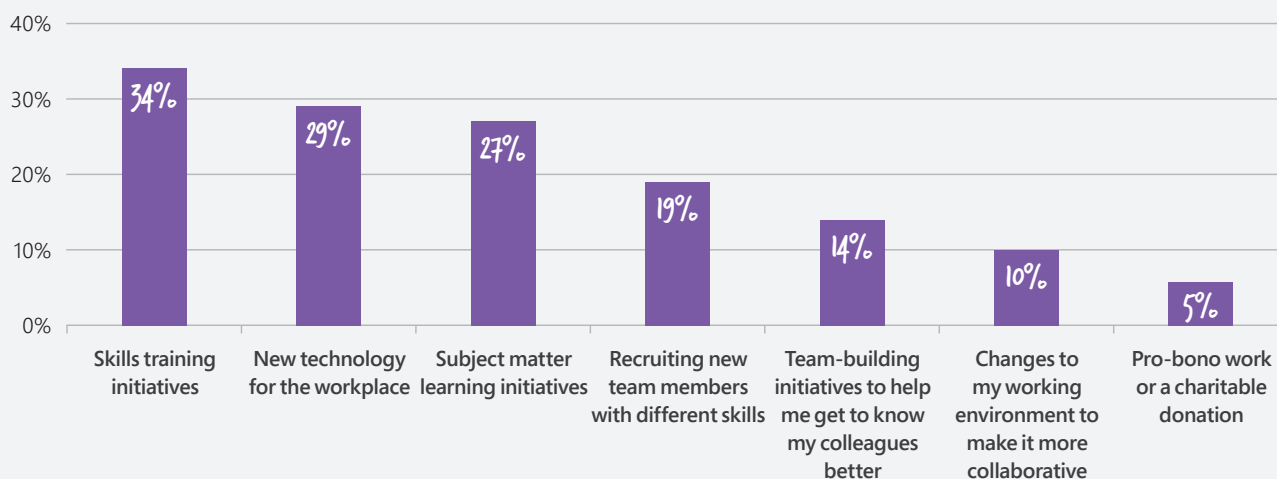
While most SMBs are aware of this and act accordingly, our research found nearly a quarter (24%) of employees say they have *never* received any training on new technology. These businesses must do more to leverage staff's interest and optimism around new platforms and tools, to better support collaboration and a culture of transparency.

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“IT is not going to change the culture by itself; you've got to get the business pointing in the right direction in terms of objectives and what you're trying to achieve first. Then you have to deliver the training and education to help staff best use the technology in the pursuit of these shared goals.”

Andrew Lawrence, Managing Director, Monmouth Partners

What UK employees would spend £30,000 on for their organisation



Practical tips to encourage productive collaboration



As well as investing in new technology, SMBs should offer practical tutorials and workshop sessions on new collaboration tools – to remove barriers to adoption and help staff understand how to use them most effectively.

“Working with a Microsoft Change Partner was an absolute game changer for us. They helped us identify and articulate our own needs and understand the software much more easily – it was just a far less painful, and more effective process. There’s also an additional benefit from training and adoption happening faster – it creates its own momentum which really helps across the board. I’d urge any other SMBs to consider using a Change Partner to make sure the solution meets your needs.”

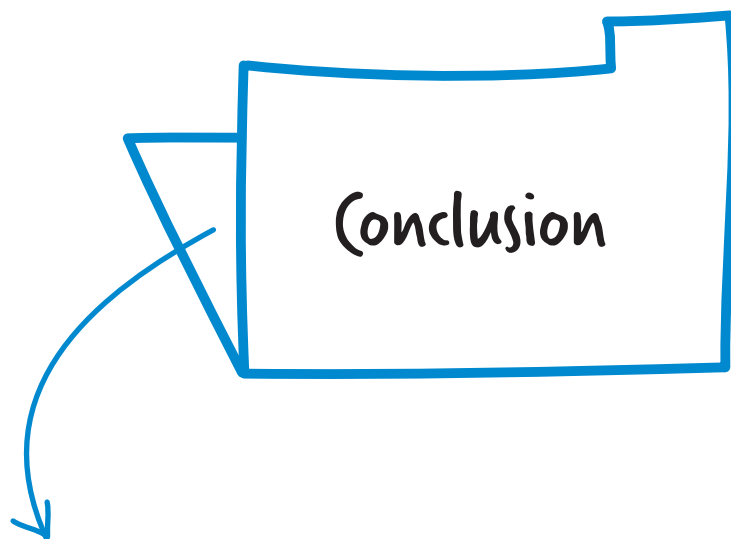
Josh Clarke, Director of Coffee, Clifton Coffee Roasters

When introducing any new potential comms channel, it’s important to clarify when it should (and shouldn’t) be used. For example, by creating a guide for which channel or tool to use, and when – explaining the circumstances and applications most suitable for face to face, email or group-chat communication.

Harness the power of internal leadership by identifying “change champions” to be the first-movers in a company’s transition to new tools. These members of staff can lead by example, and also act as the local expert for their team or department. It’s also vital that business leaders walk the walk – and set an example by using new tools and channels in the right way, themselves.

It’s important to make sure staff are aware of the security best practices around any new collaborative tools or technology, as part of the process of rolling out these solutions company wide. This also means providing the opportunity for open discussion. That said, the more seamlessly a new tool can be integrated into a company’s existing security infrastructure, the better, as this means staff have less to think about. For example, Microsoft Teams is built on the Office 365 hyper-scale, enterprise-grade cloud, delivering the advanced security and compliance capabilities SMBs should expect.





So, what does this all mean for UK SMBs navigating unknown waters while also seeking to capitalise on their strengths and create a strong, transparent company culture that everyone buys into?

This report has outlined a number of key areas small businesses can focus on, to overcome the barriers and challenges that can naturally emerge in the modern workplace.

1. // Believe you have something unique and valuable to offer as an SMB. What is it that makes you different, as a service, as an employer? Then articulate it, discuss it, amend it, and share it. Do the same for your organisation's goals. ...
2. // Realise transparency is an essential quality of a healthy workplace, not an optional extra. Be as clear and honest as you possibly can and follow up in-person communications with digital communications, giving staff the time and space to digest and reflect. ...
3. // Drive communications best practices by consistently scheduling a mix of face-to-face and virtual meetings, that have a clear purpose and agenda. Sticking to these, even when busy, is an important discipline. ...
4. // Provide multiple routes for feedback – some people are comfortable speaking up at a town hall, others are happy to post in an online forum, others will only speak their mind one-on-one. Make sure everyone gets the kind of opportunity they need to be heard. ...
5. // Consider the communications and collaboration tools available to you – free versions of software like Microsoft Teams are a great opportunity to get to grips with the kinds of modern solutions available. ...
6. // If you are investing in a commercial solution, get professional support – such as a Microsoft Change Partner – who can help you tailor it to the specific needs of your business, and help you educate staff more easily. This will speed up adoption, and help you see positive results, faster.

"I think it's a lot easier to start a small business now than it was a few years ago. And I do think Microsoft is a big part of that. I've just been blown away at the ease of which we could establish our kind of core IT, comms and collaborative infrastructure - without having anyone in our team who's actually a tech or IT specialist - because all the work was already done.

I also try to remind myself that big companies have it tough too, and we have a lot of advantages. It's harder to innovate in a big company - which is why we've seen some truly massive companies drop off or disappear since the year 2000. We need new, small companies coming through, creating that innovation - and a lot of the top companies now, weren't even around 20 years ago. So, these are tremendously exciting times for entrepreneurs in the UK, and beyond. Because there's a world of opportunity out there."



Adrian Lloyd, CEO, [Interact Analysis](#)



We hope this has been a useful guide for any SMB business leaders or staff that have been reading - and we wish you the best of luck on your journey. Should you have any comments or questions at all, about Microsoft Teams or the findings and advice in this report - we'd love to hear from you, so feel free to contact us on nico@microsoft.com.

Thank you.



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