Recordings

Business fundamentals

Business and investment cycles

1:01

Over time, economies tend to grow – the average annual growth rate for the UK since 1830, for example, has been just under 2%, enough to allow major changes in standards of living. However, growth is not steady; periods of below-average growth, or contraction, are followed by periods of above-average growth, or expansion.

On the chart, you can see that the first cycle starts here, in the boom phase: as growth increases, so does inflation and central banks raise interest rates in order to control it. When borrowing money to invest becomes too expensive, economic activity peaks and then slows down, sometimes abruptly; this second phase is called a slump, which is then followed by a period of recession. In recession, central banks lower interest rates to encourage spending. Eventually, the economy picks up and we move into the fourth stage, recovery – and then back to a boom. As you can see on the chart, one cycle follows another, punctuated by ups and downs called peaks and troughs, but providing a long-term trend of growth.

Variations in the business cycle are caused by many different factors; overproduction, overexpansion of credit, speculative bubbles, and shocks like wars, political upheavals, and so on. Economists disagree about the length of the business cycle, or indeed whether the cycle is inevitable, but it still provides a useful model to explain how business works.

1:02

The investment cycle can be divided into four phases. The first phase is Accumulation. When prices have bottomed out, 'value investors' will buy, principally in the technology and industrial sectors, despite the ongoing bear market. In this phase, initial hope develops into relief, and eventually, as prices begin to rise, optimism.

In the second phase, Mark-Up, optimism overcomes the fear of losing money and the market becomes bullish, as investors go through excitement, thrill and finally euphoria, buying household products, food and services.

Of course, wise investors know that the bull market will not last forever, and in the third phase, Distribution, they become more cautious and sell shares to buy utilities and bonds. Anxiety sets in, and as prices drop the mood turns to denial, fear and depression when investors realize it is too late to sell for a profit.

In the final phase, Mark-Down, investors who cannot afford to wait for a recovery start to panic. In the end, many will capitulate and take losses in desperation. Value investors who sold earlier at a profit now have the chance to buy cyclicals at low prices and enjoy the next mark-up.

Recruitment

1:03

Good afternoon everyone and thank you for inviting me to speak to you today. I'd like to start with a short presentation of our recruitment process. After that, I'll be happy to take any questions and to discuss how we can help with your particular recruitment needs. Is everyone happy with that?

All right, then. The first step in the recruitment process is what we call set-up. We work closely with the line manager to develop a very clear definition of who you would like to hire. As you are well aware, interviewing 'maybes' is time-consuming and inefficient, so we make sure we eliminate borderline profiles immediately.

The next step is sourcing. As this slide shows, it's incredibly important. If you don't start with a strong pool of candidates, your recruitment will almost certainly fail. So, to reach the widest range of candidates possible, we use both traditional methods – basically contacting potential candidates by phone – and new online search and social networking techniques. When we identify strong potential candidates, we generate excitement and energy around our clients' opportunities. We've found that energetic candidates keep the process moving more efficiently, and more quickly.

We continue this approach at the next stage, which is screening. Here, we set up informal discussions by telephone to get to know the candidates better. As you can see, effective screening involves not only screening candidates *out* of the process, but also attracting the strong candidates *in*. It's a subtle skill that can really make a big difference to the time it takes to fill a position.

Now, moving on to the interview stage, this is obviously an incredibly important piece of the puzzle. It's the stage where, of course, our recruiters have to hand over to the hiring manager. But we believe it's crucial to keep the energy flowing. So after screening, *we* set up the appointments for you, and we put special effort into making sure these interviews happen just as quickly as possible.

Next we come to feedback. Have a look at this next slide which shows some examples. By collecting feedback from hiring managers, we can help them in several ways. If necessary, we can make process adjustments to prevent good candidates from getting screened out. And often, we can help hiring managers become better interviewers by giving them training and advice. The more closely we work with hiring managers, the faster and smoother the process becomes.

So, the next stage is to make the best candidate an offer, and as you can see on the slide, we target an offer acceptance rate of 95%. A successful candidate who refuses an offer represents a huge waste of time and investment. Successful recruitment means understanding a shifting mix of facts, opinions and emotions, and we do our very best to manage that process flawlessly and make the right offer to the right candidate.

So, that brings us to the final step, which is much more than simply making sure the new employee shows up for orientation. After offer acceptance, we stay in regular contact with the new employee, right up to the first day of work. That way we can help you start building a long and productive relationship between your new employee and the company.

1 Personal development

1.1 About business Developing your career

1:04–1:06

1

I think the key to surviving at work is the same as it's always been. Bosses have huge egos, and you have to feed those egos if you want to be effective. You have to scratch a few backs, and laugh at your manager's jokes even if they're not funny.

But seriously, though, there's a right and a wrong way to befriend your manager – well, think of him, or her, as a person rather than as a figure in authority. Remember, they want to get on with the people they work with as much as you do. Show them you're a good guy on a personal level, not just professionally. Managers promote people they know and like, so developing a friendship with yours is a smart career move.

Bringing up office politics and client complaints will only remind them that they're your manager. But talk about more personal stuff, you know, like their favourite team or holiday destination, and you're speaking to a friend. Direct the conversation to things that feel natural. After all, this is how friends interact.

2

When the time comes for a promotion in your office, your manager will be thinking about all the great times when his or her team worked together successfully. You need to get more of your manager's mind share, and occupy it more often. So, for example, sending regular updates – even if there's nothing much to say – keeps you on your manager's mind as somebody who is getting the work done.
If you've been part of successful projects, opt for others that you know you'll succeed in. This'll help build your manager's confidence in you, and that will help you become the person your boss will turn to when more important projects come up.

3

Whatever your job, the desire to give it your all and get to the top is incredibly strong and often results in other aspects of your life suffering.

Some jobs require open lines of communication via smartphones and so on, but try to turn them off when you're not at work. Being keen isn't a sign of determination, but a lack of focus on your personal affairs. If you really have to work at home, find a place where you can't be disturbed, and put a time limit on your work.

At times, workloads become unbearable, and however sympathetic your manager might be, he or she'll try to get you to do as much as is humanly possible. But the keyword here is humanly. There are limits to how much we can accomplish. So sometimes, it is OK to say no and turn down assignments. It doesn't mean you've failed, but that you're in control and you know your limitations.