

# How to get to grips with red tape

Small enterprises are drowning in regulation. What are the options for trying to stay afloat, asks Sandra O'Connell

**K**arena and Jennie Hutton approach red tape with a military precision. "Our Dad was in the army so we are super organised," said Karena. "Our family motto was JFDI Just (Frickin') Do It."

The sisters set up Juicy Lucy, a drinks business, in April last year, selling cold pressed fruit and vegetable juices on market stalls. Having recently completed Bord Bia's Food Academy development programme, they are about to sell their juices in SuperValu stores.

Despite the ramp-up of production required, a proportionately small part of their working week will be spent pressing juices. "We get to do that just one day a week," said Jennie. Far more time is spent on pressing paperwork.

"Between company registration forms, Revenue and food safety, I'd say around 60% of our week is spent on red tape," she said.

The company hopes to take on its first employee by the end of 2016. "In the meantime, we're lucky that there are two of us," added Hutton. "It would be much harder to do on your own."

Paperwork may be the least favourite aspect of business, yet they can't afford to neglect it. "If you bring your business plan to the bank for a loan, they're going to want to see your Revenue documentation," added Karena. "You can't just focus on the elements of the business you like, you have to keep chipping away at the paperwork, too."

Red tape is a bugbear for many small business owners. According to legal practice LK Shields, which last year published a Red Tape Survey, one in three business owners said red tape is an obstacle to growth, innovation and recruitment. Some 85% of respondents felt the cost burden associated with regulation needs to be significantly reduced. Two-thirds said there is just too much red tape, while three in five believe there is a need for an independent body to review the impact of red tape on competitiveness.

"It's a huge issue," said Patricia Callan, director of the Small Firms Association. "Each new government brings in new laws, in a never-ending stream, without first asking two questions: is it good law and what about the compliance burden for businesses?"

A decade ago, Ireland signed up to an EU initiative designed to reduce the regulatory burden on business by 25%.



A High Level Group on Business Regulation was formed. It recommended a regulatory impact assessment be undertaken on all legislative bills before the Dail. "On top of that, the idea was to 'think small first'," said Callan, part of the group. Changes to business regulation would not be disproportionately burdensome for small businesses.

The impact assessment has rarely materialised or where it has, "varied enormously in quality and consistency, in some cases being no more than a box-ticking exercise," said Callan.

Also, once legislation is introduced here, it stays on the statute books in

perpetuity. "We don't 'sunset' legislation here," said Callan. In the UK, new legislation or regulations often come with a clause, ensuring a review after a period of time. If the regulation or law is not relevant, it is pulled, she said.

Compliance is particularly burdensome for smaller businesses. "You're talking about businesses with three or four staff having to cope with some 40 pieces of labour legislation alone," said Callan. "Large companies benefit from efficiencies (of scale) but small companies bear the brunt."

There is help online. The Workplace Relations Commission was established

**The Hutton sisters, Karena, left, and Jennie would like to take on more staff, but employment law is proving a headache**

last October to undertake functions previously carried out by the National Employment Rights Authority, Equality Tribunal and Labour Relations Commission, among others. Its website, [Workplacerelements.ie](http://Workplacerelements.ie), has comprehensive information about employer legislation.

The government website [Business-regulation.ie](http://Business-regulation.ie) provides links to sector-specific regulation, including hospitality, construction and food. The Health & Safety Authority's [BeSmart.ie](http://BeSmart.ie) website enables small businesses to produce free safety statements and risk assessments. "Revenue's online

ROS service is good, too, one of the best of its kind in the world," said Callan.

"It has also proven the point that, by making it easier for businesses to comply, you increase compliance."

Small firms struggle under the weight of the Organisation of Working Time Act, she added. This obliges employers to keep written records of each staff member's hours worked, including breaks, illnesses and holidays. These records must be kept ready for inspection for a number of years.

"It was introduced in 1997, requires a lot of form filling and hasn't been revisited since," said Callan. "It is

**MY ADVICE IS TO OUTSOURCE AS MUCH OF YOUR COMPLIANCE WORK AS POSSIBLE – JUST GET HELP**

estimated that for every eight employees you take on, you need an extra one for compliance. The only way to tackle this burden is to monitor and evaluate legislation, sunset it, if needs be, and make compliance as easy as possible."

There are costs to non-compliance. "If you are in breach of employment legislation, you can be fined by Workplace Relations," said Carol Ann Casey of CA Compliance. "That can have a knock on impact if, for example, you apply for a public-sector tender."

Working time act provisions are regarded as so time-consuming, many owners disregard them. Opting out is illegal, and a lack of paperwork can cause difficulties where a business is considering mergers and acquisitions, taking on investment or selling up.

Red tape concerns have fallen down the list of concerns for members of ISME, the small and medium business lobby group, according to ISME boss Mark Fielding. Yet the Working Time act causes most grief. "Most of employee legislation is designed with large companies in mind, said Fielding. "Nobody looked at them in relation to the one-woman-and-her-dog operation."

He believes some derogation should apply to small businesses. In the interim, due to an increasingly litigious environment, it's important to protect yourself, he said, especially in relation to employment law.

Anne Dunne, owner of the White Gables restaurant in Moycullen, Co Galway, looked for outside help to carry the burden of red tape. The restaurateur, who runs the business with husband, Kevin, works a long day, starting at 9am, breaking for a nap before heading back to work from 6pm until 1am. She's done it for 25 years.

"It took us 15 years to be able to justify spending the money to outsource most of our paperwork, but it has made a real difference," said Dunne. "Now we have someone come in and do the accounts one day a week. Someone else does administrative work two to three days a week and we have a cost control company that makes sure we are not spending too much on invoices."

She can concentrate on meeting and greeting customers and helping build customer loyalty. The business has grown as a result. "We kept doing the paperwork ourselves to save on costs," said Dunne. "In the end, it took up so much time that I became a busy fool."

"My advice is to outsource as much of the red tape stuff as possible. Get help."

## Astronaut dream grounded to launch digital firm

### HOW I MADE IT

**Ian Dodson**  
Co-founder of the  
Digital Marketing  
Institute

THERE'S an irony in Ian Dodson building a business in education. "As a teenager I had absolutely no idea what I wanted to study at college," he said. "I was still thinking in terms of 'I want to be an astronaut or an explorer'."

After leaving school in 1987, he skipped college and spent a number of years working and travelling around the world.

By the time he was 23 he was finally ready to get serious about his studies. "Even now I'm not sure it's a great idea for kids to go straight from school to university," he said. "I know that I grew up in those years travelling."

He chose to study history and philosophy, subjects he loved. "I just ate up the study," he said. "By that stage I loved it."

He graduated from college, Mary Immaculate in Limerick, in the mid-1990s. With the internet taking off, he landed a job in the sector, initially in IT training.

He joined [onlineweddings.ie](http://onlineweddings.ie) in 1998, then a start-up and going strong. "It was great fun, a really heady time," he said.

"Back then it was all about eyeballs, no one was targeting anything as old school as revenues. The business model was based not on earning money but on securing funding."

In 2003, he got a job with Oracle before going out on his own three



**Dodson decided to travel the world before completing his studies and starting his own business**

years later with his own web design company, Web Kitchen.

"I wasn't cut out for large corporate life," he said. "I wanted to be able to make my own decisions. I wanted both the responsibility and the freedom that comes with that."

He met his now business partner, Anthony Quigley, when the two secured hot desk facilities in Dun Laoghaire, Dodson for Web Kitchen and Quigley for a digital marketing agency. They began undertaking projects jointly and, in autumn 2008, merged their businesses.

And then the global economy fell off a cliff. "Marketing budgets were slashed, everything stopped," said Dodson. When purse strings were eventually loosened, the pair faced another challenge: finding people with the requisite skills.

"Back in 2008 digital marketing typically accounted for just 2% or 3% of a company's total marketing

budget," said Dodson. "There were no digital skills out there. Kids were coming out of marketing degrees without them, and even people who had been in the industry 10 or 15 years didn't have them. No one did."

They began to win digital marketing clients, and solving the problem for their own business by providing digital marketing boot camps for new recruits. "Basically we'd get all our mates in the industry to come and talk about what was going on and what they needed to know," said Dodson. "In time, people from other companies started asking if we'd run boot camps for them too."

They stumbled on a business opportunity, opened their first training course to the public in January 2009 and "12 people walked in the door".

Subsequent courses filled up equally rapidly. "We were printing

the lecture notes, punching holes in the paper, making the handbooks, driving into town and delivering the lectures," he said. "And within six months we were doing it full-time. We were so busy training that we let the digital marketing side of the business go."

Part of the Digital Marketing Institute's success stems from both Dodson and Quigley taking a particular view on training.

"Training should speak to the bottom line," he said. "It's not just about people development, it must train the person to deliver goals for the business too."

There's nothing esoteric about growing a business either. "In the early days it's simply about following the money. You go where your clients take you."

In 2011 Dodson and Quigley opened a Digital Marketing Institute office in the UK, trying to replicate

their success overseas. It proved a misstep, however. "We were seeing the same level of demand and the same lack of knowledge in every market we examined," he said. "But to scale up the business by opening offices in every city was going to be hugely expensive."

Instead they put their digital marketing courses online and licensed out curricula to universities, colleges and IT training certification companies worldwide. Today the Digital Marketing Institute sells its courses into 80 countries.

The business has a turnover of €8m, and employs 65 staff. Just 15% of its revenues come from courses delivered in Ireland. About 8,000 students a year undertake its courses.

The business has doubled in size each year for the past three years, a rate of growth he expects to continue thanks, of course, to digital marketing.

For Dodson, whose book, *The Art of Digital Marketing*, has just been published, the key to successful digital marketing is simple: start with the customer and work back. "The tools are out there to help you find out what your customers are doing," he said. "Things like social listening tools, where you can find out if people are talking about you. So the first thing to do is do nothing, just listen. That alone can be hard for marketers to do."

As more businesses get to grips with their digital strategy, demand for such knowledge will only grow. "There are 11m people on LinkedIn who define themselves as working in marketing," said Dodson. "By 2019 I'd like us to have certified half a million of them. That's the goal."

A good partner helps. "Anthony is more entrepreneurial, I'm more about the education. Together we make up a full person, so I think we're just lucky we found each other."

SANDRA O'CONNELL

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